

Japanese Notions
of
European Political
Economy.

iv

Compliments of
H. St. Limby

11/15/07.

Digitized by the Internet Archive
in 2007 with funding from
Microsoft Corporation

M235j

JAPANESE NOTIONS OF EUROPEAN POLITICAL ECONOMY

BEING

A SUMMARY OF A VOLUMINOUS REPORT UPON
THAT SUBJECT FORWARDED TO THE
JAPANESE GOVERNMENT

BY

TENTEARO MAKATO (pseud.)

COMMISSIONER OF JAPAN TO MAKE THE INVESTIGATION

PRECEDED BY A SKETCH OF A PRELIMINARY INQUIRY INTO THE SAME
SUBJECT BY MR. TEREMOTO, OF THE JAPANESE LEGATION

THIRD EDITION, REVISED

This pamphlet is especially commended to students of political economy in British and American schools. For though of physical athletics there may be enough, of intellectual athletics there is need for more. In these schools there is, no doubt, much reading and subsequent recitation, but this cultivation of the memory, though important, will not alone produce intellectual strength, and if not accompanied by actual thought is likely, by and by, to result in mental atrophy.

The transcriber and translator, himself a graduate of the University of Pennsylvania, and in Political Economy, too, had much to overcome before accepting, with his Oriental friends, the radical views of the report.

The decision of these two educated Japanese gentlemen, given after a long and earnest investigation, upon a subject of such vital importance as Political Economy, will prove to be, I am sure, both entertaining and profitable. Entertaining, in that they have deviated from paths beaten and tedious. Profitable, in that by questioning the highest scholastic authority they would incite readers to think. For it is only by THINKING FOR OURSELVES, and in no other way, that we practice intellectual athletics.

R. C. K.

PHILADELPHIA

JOHN HIGHLANDS, Bookseller and Publisher

16 NORTH ELEVENTH STREET

GLASGOW, SCOTLAND

SCOTTISH SINGLE TAX LEAGUE

13 DUNDAS STREET

147280
9/10/18

The genial transcriber and translator of this economic inquiry, my dear friend R. C. K., lived only to see it in press. I miss him much. Resigning his office at the capital, he had joined me in Philadelphia, preparatory to establishing, in my native land, schools for the purpose of arousing thought upon the great social questions now being discussed in most European countries, and with such vehemence in Great Britain and in the United States.

I miss my friend, oh, how much! Yet I shall not travel altogether lonely on my return to Japan. Tender thoughts of my friend will be my company and cheer. Beside me in spirit, I shall respire his counsel and force, and be stimulated to double work in humanity's cause.

The first edition of ten thousand copies has been distributed. It has been commended. Approving letters come from many English-speaking lands. I am thus pleased and encouraged. This second edition, in which I have made no change in my friend's text, except the mention of Professor Andrews' change to Chicago and the addition of explanatory foot-notes, I leave in proper hands for wider distribution.

TENTEARO MAKATO.

PHILADELPHIA, December 1, 1898.

The fact that some hundreds of copies were called for after the second edition had been exhausted warrants the presentation of this third edition, in which the original has been revised and an appendix, dealing with eighteen economic writers, added.

DECEMBER 1, 1899.

[PRINTED IN THE UNITED STATES.]

[COPYRIGHTED, 1900.]

PRESS OF
SHERMAN & Co., PHILADELPHIA.

INDEX.

TEREMOTO'S INQUIRY (REPORTED BY R. C. K.).

	PAGE
Walker, Francis A., . . .	7
his explanations, . . .	8
his remedies, . . .	8
Land in political economy, note, . . .	7
Writers, their disagreements, . . .	9
George, Henry, . . .	10
Makato, sent for, . . .	12
his first interview, . . .	12

MAKATO'S REPORT.

Summary by himself, . . .	14
Reforms in vogue, . . .	15
Development of landlordism, . . .	18
Ideal republics, . . .	18
The physiocrats, . . .	19
Smith, Adam, . . .	20
on the universities, . . .	34
his "Wealth of Nations," . . .	21
Malthus, . . .	22
Ricardo, . . .	22
Smith's followers, . . .	23
Perry, Arthur Latham, LL.D., . . .	24
definition of political economy, . . .	24
of wealth, . . .	25
of labor, . . .	25
of capital, . . .	27
of land, . . .	29
Andrews, E. Benjamin, . . .	34
definition of economics, . . .	36
of wealth, . . .	36
of capital, . . .	36
of rent, . . .	36
Marshall, Alfred, . . .	37
definition of political economy, . . .	37
of capital, . . .	38
of land, . . .	38
of production, . . .	38
diminishing returns in agriculture, . . .	39
a mathematical sample, . . .	39
wealth, . . .	40
Nicholson, J. Shields, . . .	40

	PAGE
definition of political economy, . . .	41
of capital, . . .	41
of land, . . .	42
of labor, . . .	42
upon precise terms, . . .	41
Dati and Honga, . . .	43
Feudalism, . . .	43
Definitions of political econ- omy and wealth, etc., from—	
Adam Smith, . . .	45
Jean Baptiste Say, . . .	45
Earl of Lauderdale, . . .	46
M. Sismondi, . . .	46
Henry C. Carey, . . .	47
Pierre Joseph Proudhon, . . .	47
M. Bastiat, . . .	47
J. Stuart Mill, . . .	48
Carl Marx, . . .	48
J. R. McCulloch, . . .	49
William Nassau Senior, . . .	49
Patrick Edward Dove, . . .	49
Amasa Walker, . . .	50
Horace Greeley, . . .	50
James E. Thorold Rogers, . . .	50
W. Stanley Jevons, . . .	51
John E. Cairnes, . . .	51
Bonamy Price, . . .	51
Emile de Laveleye, . . .	52
Henry Sidgwick, . . .	52
Simon Newcomb, . . .	52
J. Laurence Laughlin, . . .	53
Francis A. Walker, . . .	53
Van Buren Denslow, . . .	54
Richard T. Ely, . . .	54
Henry D. Macleod, . . .	55
Henry D. Lloyd, . . .	56
A. T. Hadley, . . .	56
Maffeo Pantaleoni, . . .	57
Mathematics in political econ- omy, . . .	58
Co-operation, . . .	59
Henry George, . . .	60
his theories, . . .	60
quotations from, . . .	66
Chattel slavery, . . .	62
Prædial slavery, . . .	63
Civilization: its spread, . . .	64
Conclusion, . . .	66

For Index to Interlude and Appendix see next page.

INTERLUDE.

How the title Japanese Notions originated,	68
The success of the brochure,	68
Why economic thought is confused,	72

INDEX TO APPENDIX.

Walker, Francis A., M.A., Ph.D., LL.D.,	73
Cossa, Prof. Luigi—University of Pavia,	82
Mallock, W. H.,	83
Laughlin, J. Laurence, Ph.D.,	85
Davenport, Herbert J.,	88
Rae, John, M.A.,	88
Marx, Karl,	89
Mill, John Stuart,	93
Marshall, Prof. Alfred—University of Cambridge,	94
Nicholson, J. Shields, M.A., D.Sc.—University of Edinburgh,	98
The Single Tax,	103
Malthus, Rev. Thomas R., A.M.,	104
Hood's Ode to Malthus,	106
Pantaleoni, Prof. Maffeo, Bari, Italy,	106
Ely, Richard T., Ph.D., LL.D.,	108
A Workingman's Letter, J. Willett,	113
Liberatore, Father Matteo, S. J.,	116
Macleod, Henry Dunning, M.A.,	117
Seligman, Prof. Edwin R. A.—Columbia University,	122
Hadley, Prof. Arthur T.—Yale University,	131
Newcomb, Simon, Ph.D.,	140

JAPANESE NOTIONS

OF

EUROPEAN POLITICAL ECONOMY.

For some years, at Washington, I had always been intimate with one or more members of the Japanese embassy, a relation brought about by a long residence in Japan and my familiarity with the language.

We had, at times, discussed military matters, literature, art; but more frequently the practical matters of progress,—invention, railroads, electricity, production on a grand scale, and so on. “The factories, with their tall, smoky chimneys, rattling machinery, and increasing monotony of toil,” said Teremoto one evening, “have done our Japanese people, at least our working-people, little good; and according to your great economist Walker, and other college teachers, for whose views, however, I have very little respect, they are not likely to do any.”

Surprised at the remark,—for to me “economics” seemed as out of place in his country as a boiler factory on Olympus, or the gospel of St. Malthus in the New Testament canon,—I asked if in Japan any attention had been paid to political economy. “Until lately,” he replied, “it was, as a science, altogether unknown, and even now, saving as a subject of governmental policy under the name of politics, is ignored except by men educated abroad. Books, to be sure, have been written upon ‘Akirawu’ and ‘Kayurú,’ that is to say, on commerce and exchange, and also upon finance, or systems of public loans and revenues; which latter are somewhat like the books of your present schools of finance, or so called ‘Economics.’ These books, as do yours, deal with buying and selling, banking, money, and methods of taxa-

tion, teaching mainly the art of abducting the honey without alarming the hive.* They have a great deal to say about 'Kané' (gold), 'Morso' (goods), and the 'Yama Midaso' (foreigner). They ignore any inquiry into 'distribution,' or, if alluding to it at all, tacitly assume that the present distribution of the produced wealth is between laborers and capitalists (including land-owners with the latter), and that it is based upon unavoidable natural law.

"However, the initiative to my study of this matter did not spring from myself. I had never consciously thought about it at all. In every country, at least in all civilized countries,—Japan, Corea, China, Siam, Hindostan, Europe, America,—there are some so rich as to be wasteful and destructive, and many so poor as to be in want—conditions resulting, I had thought, from innate differences in individuals—unchangeable ordinances of nature.

"But, about three years ago, Mr. Neesima, Minister of Education, through the foreign office, wrote to our minister here, in brief, that in Japan the effect of labor-saving machinery, steam-engines and great factories had not tended to reduce the hours of labor or to relieve women and children from excessive work. Mr. Neesima had fondly believed that these wealth-producing devices would tend towards leisure and opportunity, and that his schools would shortly contain all the children in the land. Yet in Yokohama, Tokyo, Osaka, and indeed throughout 'Dai Nippon,' the effect seems to have been the very reverse, and the workingman's life has become not easier, but harder. They have made the cost of living greater and life more anxious. Factories are filling up with children working fourteen hours daily; and at our seaports, lines of little ten-to-fourteen-year-old boys

* Under the name of "Economics" the teaching of political economy has really been abandoned. What is now called "The Science of Exchange," "The Science of Values," "The Science," as Macleod has it, "which treats of the laws which govern the relations of exchangeable quantities," or, as Hadley puts it, "attempts to apply the methods of modern science to the problems of modern business,"—if it is a science at all, should be classed with book-keeping and arithmetic under the head of mathematics.—MAKATO.

and girls are employed, for a pittance, to coal great ocean steamships. Coolies go naked; women with babes strapped to their backs labor in the fields; and now, in case of short crops, the small farmers and laborers have no 'Daimios' to fall back upon. Facilities for mortgaging have increased, and the land seems to be passing to large holders. The machines, he said, unquestionably do our working-classes harm, and it is really to be feared that the fierce competitive spirit that is engendering will eventually obliterate what we have of antique, picturesque and lovely among the Japanese people.

"'Make inquiry,' wrote Ishtamusho, the head of the foreign office, 'in those places where these wonderful machines are most used, as to their social effects, and learn what methods, if any, have been adopted to cause them to bring that comfort and leisure to the masses for which they were evidently devised.' The ambassador was directed to employ such experts and incur such expense as might be dictated by his judgment, 'on which the Mikado's government confidently relied.'

"I was then," said Teremoto, "an unpaid attaché, and the ambassador, handing me the dispatch, directed that I should make, in one or more of the manufacturing cities, a preliminary investigation.

"This I did. In Philadelphia I saw a new phase of American life. On a former visit, with apartments in the Continental, I had seen, I now found, but the upper side of things,—art-galleries, museums, libraries, colleges, costly churches, elegant dwellings, and well-to-do distinguished people. I had, too, no doubt, seen great department stores, ship-yards, and locomotive-works, but all from the point of view of an easy-living and contented man. My attention had not been attracted to the workers, except that they appeared to be better clothed, better fed, better housed, and apparently happier than with us.

"I now, under my instructions, was to abjure the civilities of the rich in order to spend my time among and learn something about the poor. My former perceptions I soon found to be illusive. The better dress, houses, furniture,

more varied food of these people was accompanied, I was surprised to find, with more tension, more anxiety, and I think with less happiness than among the same classes in Japan. In factories, amid the roar of *labor-saving* machinery, I observed many children and young people of both sexes working ten hours daily, which, with the noon hour and the half hours required to go and return, make a twelve-hour day; called to toil by shrieking steam whistles, and so fearful of being docked or discharged that the most of them were to be seen waiting at the factory doors fifteen to thirty minutes before time. Posted conspicuously about the rooms I saw 'The Rules' rigidly forbidding talk, forbidding friends to enter, and so on, enforced by fines. I found that with lapse of time machines have been speeded faster and faster, and that often a single 'operative' now attends two, three or more machines instead of one, as at first. In cotton-factories one young woman now has charge of four looms, and occasionally five or six. I found that these workers rarely owned their own homes, three-fourths at least being tenants liable to eviction upon thirty days' notice.* Wages seemed to be no more than a bare living, though at a much higher standard than in Japan, very few accumulating anything. In the coal-mining regions of Pennsylvania, Ohio, and Illinois, what they choose to call liberty is really abject slavery. The coal companies often own the houses and lots occupied by the miners, and hold eviction over their heads. Besides, they maintain company stores, charging higher prices and deducting bills weekly from wages. This far-underground, unwholesome and dangerous toil is wretchedly paid,† and

* As city land grows in value tenancy grows. In certain *Kansas* towns, the largest having but 6149 people (census of 1890), the percentage of tenant families was 48.31. In twelve *Iowa* cities of over 8000 people each the percentage was 54.68. In eight *Maine* cities ranging from 8174 to 36,425 people, the percentage was 63.77. In San Francisco it was 78.46. In Philadelphia, 77.20. In New York City, 93.67. Philadelphia, famous for its manufactures, has been especially noted as the City of Homes. —MAKATO.

† The evidence of these things is everywhere, and it is sufficient to refer to the constant strikes described in the press, and to the reports of Labor Bureaus. In reading the following from "The Century Mag.," vol.

although the legal age in Pennsylvania is twelve, many boys much younger are at work. Attempts to better things by 'Labor Unions' have usually been defeated by importing men accustomed to a very low standard—laborers from the east of Europe and negroes from the South; or by the unemployed of the locality only too anxious to get work at any price. Strange fact (now first called to my attention, although prevailing in Japan), many cannot get work at all, while those at work must toil to exhaustion. In our loved land, however, the contrasts are less serious. Between rich and poor the gulf is narrower. Our dwellings do not indicate such great extremes, and the politeness of our working-people is in marked contrast to the rudeness, passionate profanity, and threats of American streets.

"Puzzled to account for phenomena that I felt must have an explanation, I visited Pittsburg, Chicago, then Boston, where, ignoring the truth that we are immediately descended from two parents, then four, eight, sixteen, thirty-two, in geometrical progression, they trace social differences to heredity; and finally to New York City; in all finding similar conditions. Then taking to books, I soon found that inequalities of the same kind prevailed all over Europe. The countries had grown rich, but the gains had not been general; and as to happiness, I could only think that there had been no gain at all; for, in America especially, the great body of the people, the industrial masses, are becoming intelligent enough to chafe at this fearful inequality in the 'distribution' of wealth and at their inability to secure what they feel to be their due. An excessive nervous tension results, recognizable in their neglect of tea (alone used in Japan) for the maddening stimulants whiskey and beer, and for the dreadful sedative tobacco, disgustingly smoked and chewed.*

lv., page 818, remember that the miners are nearly all foreigners: "As a rule, the foreigners in the anthracite fields have been content until recently to labor for very low wages without a protest; to huddle in shanties like so many domestic animals; to eat half-spoiled vegetables and fruits that could not be sold to English-speaking people."—MAKATO.

* This strain is by no means confined to the manual working classes. It is noticeable among clerks and professional men, and is especially severe in the manufacturing and mercantile classes, as may be seen in their

“ ‘How is this?’ I said to the librarian there. ‘It is the natural order,’ he replied, ‘springing from that tendency in mankind to increase their numbers up to the limit of subsistence; the inevitable struggle for life.’* He first mentioned economics and ‘the natural tendency of wages to a minimum,’ and called my attention to the alcove, ‘Political Economy, Finance, Socialistics.’ Tens of thousands of volumes, he said, had been written in all languages; here were only some hundreds of the more widely known.† ‘Amid all this literature,’ said I, bewildered, ‘point to one book that briefly explains this “law of wages.” Point to some glimmer,

expensive and underbidding newspaper advertisements; three-dollar sets of teeth, payable in installments; sign-boards upon distant road-sides, or disfiguring mountain scenery and seaside resorts; or store front announcements,—“Selling off at Cost.” “Prices cut in Half.” “Great Summer-Reduction Sale.” Besides, one is startled at the immense number of suits at law. These people get no rest. Business, the “struggle for existence,” occupies their entire thoughts. Surely *now* (if not before), in this age of undreamed-of wealth-producing machines, all men are entitled to higher lives than this.—MAKATO.

* Malthus, the author of this theory, holds that while man has a tendency to increase in geometrical progression, his food supply is limited to slow arithmetical progression. But in procreation is man guided, as the animals, wholly by impulse? How could any thinking man have presented such a theory? How could a thinking age accept it? Men increase faster than the food supply! Consider the progeny reared by one hen; the millions of eggs spawned by one fish; an acre of bananas producing one hundred and thirty three times as much food as an acre of wheat, that with good culture yields fifty-fold. Has not Philadelphia produced *all* the food used by its people, from the beginning? Not that it was all actually *grown* there, but that wealth of some kind there produced has been exchanged for the food. Imagine Penn becoming alarmed about the food supply of the future and the want that must come as population increased! Now that the city numbers two millions, perhaps, can there be a doubt that, like New York City with its three millions, there is not only immensely more wealth, but more and better food *per unit of population* than one hundred years ago or two hundred years ago to each unit? Men, women and children may go hungry in those cities, but clearly because of a bad “distribution” of wealth, and not because of insufficiency of food.—MAKATO.

† Cossa, including all countries, mentions twenty-three hundred writers by name. Probably not a tenth of all who have written.

at least, that may lead to further light.' 'Here,' he exclaimed, 'is what you need. It is by a man who in the schools holds the highest rank,—Francis A. Walker, M.A., Ph.D. (and since then LL.D.), professor, etc., and deals with the "Wages Question."'

"This book was neither pleasant reading nor easy. Dogmatic in tone, unenlivened by illustration, without enthusiasm and without indignation, except towards the economists 'I have found it necessary to controvert; and in so doing have not cared to mince matters or pick phrases.'

"In the opening paragraph he writes, 'All wealth has, of course, to be produced in the first place; and, moreover, it is produced to be consumed, and for this end alone,' and yet he proceeds to treat land* as capital—that is as 'wealth,' used productively.† Though how land can be produced and consumed he fails to explain; while in another work, his 'Political Economy,' after assenting to the formula of most writers that land, labor and capital are 'the three primary factors in the production of wealth,' defines wealth to be 'all articles of value and nothing else,' of course including land; thus failing altogether, like most of the professors, to note this 'contradiction of terms.'

"The pictures he presents of child-labor in England—little girls in brickyards and agricultural gangs of children of both sexes, aged from four to ten—can by any sensitive man be

* "Land" in political economy means the universe outside of man,—all that external nature offers to the use of man, including not only the solid surface of the earth, but air, ocean, rivers, sunlight, rainfall, wind-power, gravitation, and so on. For the owners of land own, of course, the landing-place of ships and seines, the rainfall, air, and all the rest. Perry and many recent writers speak of "natural agents" and land. Attempting to show that the first are free and valueless, while the second is made valuable by individual owners.—MAKATO.

† "These facts justify me . . . for all present purposes, in including alike the proprietors of land and the owners of other forms of wealth, which may be used productively, in one capital-class."—WALKER, "Wages Quest.," 224. "Many of the present possessors having paid . . . full price . . . in good faith . . . it would be simply robbery" for the State to adopt the Single-Tax.—WALKER, "Pol. Ec n. Abridged," 338. This, of course, is asserting that land is wealth.—MAKATO.

read only by an effort and with tears. No such degradation can be found among any of the peoples to whom the English send missionaries. No such examples of devilish toil can be found except where powers have been utilized and machines invented to produce 'wealth' with undreamed-of ease.

"This is the paradox of progress.

"Walker's explanations are, *first*, 'the Malthusian law,'—that spiritual beings, men, like instinctive beings, animals, tend to increase faster than the food-supply; and, *second*, that the inadequate supply is because of 'the law of diminishing returns in agriculture;' that is to say, because that men *whose wants grow* with their ability to gratify them will reproduce their kind as do the animals, *whose wants are definite and fixed*; and also because any certain extent of ground, as a square rod or an acre, will not forever continue to return to increased exertion ('successive doses of labor') a corresponding increase of bricks or blankets, hay or houses, cabbages or clothing,—that is, of 'wealth'; in short, because all girls of twelve or thirteen will thereafter produce young with the regularity of rabbits, and because the necessities produced on an acre might not suffice for a province, therefore there follow low wages and want; not impartially to all people alike; not to professors of economics, nobles, great landlords, and monopolists, but only—strangest proposition of all—to the classes who produce the wealth!

"Though, to a thinking Japanese, these propositions may seem too absurd for controversy, they are, in fact, the very foundations of the economic structure which Walker and the schools have built; a structure buttressed with a further theory that 'wages' are derived from 'capital,' and though the laborer evidently produces and advances capital or 'wealth' to his employer, and of more value than his wages at the end of the week, that no more laborers can find employment than there is capital *to be advanced to them* in wages!

"A deplorable system! Too dismal for the dark ages. A Babylonian tower of bricks and slime, displeasing to God, to end in a shapeless ruin and confusion of tongues.

"His remedies—the trite ones, for centuries preached from pulpits and urged by moralists, or that have been

ineffectually attempted by legislation again and again—are—

“1. Frugality and temperance.

“2. The spreading of individual and mutual intelligence among working-people.

“3. Sexual self-restraint.

“4. Factory acts by legislative bodies.

“5. The inculcation of sympathy and respect in the community for laborers.*

“In Japan no old writer that I know of mentions saving as meritorious. Sawa, last century, said, ‘Gato, by taking no wife, rearing no children, and eating rice only, got rich. But,’ moralizes Sawa, ‘where would be, if all laborers acted as Gato, the next generation of workers and soldiers? Truly, it flashes upon my melancholy wit that, though we love silk gowns and idle lives, the Mikado, the Shogun, the princes, the priests and my worthy self should raise silk and rice for ourselves; and no lives could be offered upon the altars of patriotism but our own.’

“After spending some days upon Walker, my librarian guided me to others. But the tenor of each was the same. For existing social conditions nature, chiefly, is responsible. They are dreamers and ‘Utopians’ who believe that much change is possible. For the rest there was great disagreement.

“They disputed about the nature of wealth, of value, interest, rent; they were unsettled as to the law of wages; matters lying at the very base of their structure. They disagreed as to the very scope of political economy.† About

* Why, it might be asked, is *labor* so helpless, and *capital* so able to take care of itself? Surely labor produces not only all capital, but all “wealth.” Yet according to these writers, it is *naturally* a poor thing, needing “protection” and sympathy at all times.

These remedies, however, are no doubt on a par with Mr. Gladstone's suggestion to his tenants whose rents were becoming onerous: “To cultivate small fruits and make jam.”—MAKATO.

† “Seeing that truth consisteth in the right ordering of names in our affirmations, a man that seeketh precise truth had need to remember whatever name he useth stands for, and to place it accordingly, or else he will find himself in words as a bird is in lime-twigs—the more he struggles the more belimed.”—HOBBS.

the only matters upon which I found a consensus of opinion were, First, that the toilers are a mere matting made to be trodden upon; Second, that it is *natural* that men should find difficulty in getting employment; Third, that it is *natural* that wages should tend to a minimum merely sufficient for support. And with all of them there is a great deal of talk about overproduction of 'wealth' and excessive numbers of men.

"To be sure, I had never before attempted to explain these matters; had, in fact, never thought of them at all; but in the presence of these attempts to explain them I stood aghast. I felt in my soul that the peoples who had made these prodigious material advances had failed in the moral one. In the matter of material development, after a century of invention, their trust has grown to credulity so that in mechanics nothing seems impossible; while, on the contrary, in the field of social development the ideas that the earth is for *all*, and that poverty is abnormal and remediable, seem ridiculous and absurd. With machinery turning out four-panelled finished doors daily, twenty-five to the man; planing, tonguing and grooving floor-boards fifty times faster than formerly by hand; making blinds, sash, glass, bricks, roofing, nails, paints, wall-paper, and transporting them, too, with so much greater ease than at the beginning of the century, it is harder for the ordinary workingman to own his own home now at its close! So hard is it that in 1890, in New York City, ninety-four families in each hundred were tenants, many of them packed so closely in unsanitary tenements as to be not only a social menace, but a bitter satire upon the Christianity of the times.

"The light that I sought did not come from the schools. In New York City a discussion was going on upon 'Tenement-House Reform,' and at a great meeting held in Cooper Union, Mr. Henry George's speech advocating, as the only reasonable and businesslike way to accomplish permanent good, the abandonment of taxing houses and goods, to concentrate all tax upon the *value of lots*, made a sensation. Under the prevailing private ownership of land, he urged, and the consequent difficulty of going freely to work and

using one's capital, there results a severe and one-sided competition—labor and capital (true capital, not monopoly) on one side and land-ownership on the other ; tending, as invention goes on or as population increases, to make 'wages,' the share of labor, and 'interest,' the share of capital, to decline, while rent, the share of the land-owner, tends to rise ; and that, even if these poor laborers could be offered good dwellings free of any rent at all, the *ultimate* result would be a reduction of their wages to the full extent of the avoided rent, as in the case of 'parish allowance' extended to farm laborers in England in the fore part of the century.

"By concentrating tax upon the *value of lots*, not only would lots now unused, or inadequately used, be at once offered to builders at lower prices, but by the removal of taxation from buildings there would be incentive to build. Lot monopoly being broken, tenement-house crowding and suffering would be relieved, to be ultimately, by carrying the tax to its limit and widening its area, cured altogether.

"Though my librarian pooh-poohed it, declaring that George was wholly untrained and unscientific, I procured at a store a copy of his 'Land Question.' What a relief from the dread literature I had been involved in ! Here was logical exactness at last, illumined by forceful illustration and flashes of wonderful eloquence ; a style lucid and sparkling as the Kohinoor diamond. But, such is the power of habit.* I could not then free myself from the notions of my time. Though the light had beamed brilliantly upon me, to my dulled eyes it was merely a glimmer. But it was, anyhow, a glimmer. I recalled, too, the remarks that I had heard on a train in Illinois, after having passed through a remarkably well-cultivated and thrifty tract of farms. It was a 'school-section,' my informant said, that the trustees had fortunately retained, instead of alienating at an early day, as had generally been done. This section now brought in rent, to the school district, as much per acre annually as others had sold for in fee. A statement that caused some

* "Habit is the deepest law of human nature. It is our supreme strength ; if also, in certain circumstances, our miserablest weakness."

one to ask, 'Why might not the land of this whole State have been thus fortunately retained?'—a question that now recurred to me with force.

"Nearly a year had elapsed when I made report to Mr. Iwashida, my chief, in which I explained that, feeling myself to be incompetent, I would suggest as commissioner to pursue the investigation a gentleman fully equipped, Mr. Tentearo Makato, who had graduated at Yale under Professor Sumner, following a previous study at Columbia under Professors Seligman and Mayo Smith.

"At the request of the ambassador Makato came to Washington, where during several evenings the matter was by all three freely discussed. Makato expressed himself as unfavorably impressed by the teachings he had received, and declared that the books recommended and praised by the teachers seemed to him to be abstruse, contradictory, and incomprehensible. He felt confident that no one of them satisfactorily explained the perceived phenomena. 'In this so-called science,' he said, 'there is wide divergence of opinion, and unlike chemistry, or physics, or astronomy, there is no consistent body of accepted truth.* On the part of some, the feeling had been that the hoped-for moral advance would come from material progress itself; but now, following Spencer, the schools generally incline to the 'law of survival,' believing that it can come only by the slow process of Natural Selection, causing a necessary change in the quality and size of the brain. It is the work of God, in fact,—explainable, though unchangeable,—and the mob must endure it as best they can. So—Disappointment keeps pace with Time, and, outside the schools, Discontent is exciting her hosts to passion. I feel sure,' he said, 'though in Japan we have not moved in this direction at all, that when we do we will not find ourselves eyeless creatures of a cave incapable of recognizing and moving towards light. For our students, having

* The studies particularly resting upon political economy—psychology, politics, ethics, metaphysics, theology, sociology,—sometimes embraced in the term "philosophy"—are in much the same contradictory state. For, they are all based upon the assumption that the sordid struggle we see about us is the outcome of *freely-acting* human nature.

far less to *unlearn* than their European fellows, are for this very reason seemingly brighter. They are, to be sure, like Europeans, born into a web of customs, beliefs, traditions, laws, hard to be freed from. But this web has not, by a long succession of 'thinkers,' been made to appear a beneficent entanglement established by natural law, the attempt to escape from which is to be condemned as unscientific and absurd.'

"Except an occasional brief letter and a draft for expenses, we heard nothing from the Commissioner for nearly a year, when he returned to explain that he deemed it prudent to delay his report for a time. 'Notwithstanding,' he said, 'that in Japan we have not formulated rules of reasoning, we have in the maxim 'Proof is better than argument' a suggestion of the 'logic' largely used by the professional economists, who have unconsciously anchored themselves to this fallacy, 'Post hoc ergo propter hoc' (after this therefore because of this) which by the logicians they have been so warned to avoid.'

"He had first asked the question, The inequalities that exist in Japan,—great riches and landed estates on one side, beggary and complete landlessness on the other,—here, amid the roar of steam-driven wealth-producing machines, do they also exist? And then the further questions, Are these extremes in any way related? and, Is such an unequal distribution of wealth because of conformity or non-conformity to natural law?

"It was these further questions that had delayed him. The responses of the schools were extremely unsatisfactory; and their remedies, no better, are mere 'mended lids to cracked pots.'

"Well, some months later Makato again appeared in Washington, this time with his report. The manuscript, quite voluminous, was accompanied by a number of printed books.

"At the ambassador's suggestion, this report was summarized in a preliminary paper adapted to ordinary comprehensions in Japan. The whole was thereupon forwarded to the Mikado's government at Tokyo, and after a short

delay is now, I believe, going through the press there. The effect that it will have upon Japanese thought may seem slight for a time, but in the end I believe it will be profound."

Mr. Teremoto having furnished me with a copy of this most important paper, I have translated and herewith print it.

THE SUMMARY.

(An accompanying dispatch, from the ambassador to Japanese Foreign Office, omitted.)

WASHINGTON, D. C., UNITED STATES OF AMERICA,

FEBRUARY 23, 1898.

To M. IWASHIDA, *Embassador, etc.* :

Your Excellency : In accord with instructions given me in January, 1896, commanding an investigation (for the use of the Department of Education) into the condition of laborers in America and Europe, the scientific explanation of such conditions, and the remedial measures adopted, I took an early opportunity to visit the great manufacturing cities of Pennsylvania and New York, and also of the West, where I found full verification of the facts reported by Mr. Teremoto, whose investigations, briefly sketched, are prefixed to this. But I went further, devoting twenty-four months in all, reaching, in my investigations, European countries.

It would too much extend this paper to cite a hundredth part of the printed facts accompanying main report; but Mr. Henry George's articles upon "Labor in Pennsylvania;" the reports of the United States Department of Labor and of Bureaus of Labor and Statistics in twenty-nine States; the "Bitter Cry of Outcast London;" "The Poor of Great Cities" (in America and Europe, by sundry writers familiar with each site); "How the Other Half Lives" and "The Children of the Poor," by Reis, of New York City; "London Labor and London Poor;" Reports of Commissions upon the "Better Housing of the Poor" of New York City, and other works, all show a most painful, and in some cases I might

say frightful, condition of overwork, poverty, and want, in the very centers of civilization, and *where wealth most abounds*.* "The tramp has come in with the locomotive, and almshouses and prisons have marked material progress, as well as have costly dwellings, rich warehouses, and magnificent churches. Upon streets lighted with gas and patrolled by uniformed policemen beggars wait for the passerby, and in the shadow of college and library and museum are gathering the more hideous Huns and fiercer Vandals of whom Macaulay prophesied." Here is the problem to be solved: What is it that clogs opportunity for every man to go to work when he wants to? What causes such a struggle for existence that toil in itself is looked upon as a good, so that nations in the effort to "keep work at home" surround themselves with custom-houses and guards, grasp territory and maintain troops? What unrecognized agency is it that tends to force the wages of labor and the interest of capital always to a minimum? What is it that gives power to monopoly and that abstracting from the masses, both in Great Britain and in the United States, wealth measured by hundreds, yea by thousands of millions of dollars annually, permits it to be gambled for, enjoyed, and often ridiculously wasted, by men who take no part in its production?

In America before the Revolution, before this "Century of Inventions" had fairly set in, the tramp and the millionaire had not yet developed; each class a complement to the other. Each a menace to free institutions, is each, apparently, equally proof to any severity of law?

My interest was greatly excited, for conditions of the same kind, though of less intensity, prevail in Japan. But admitting, as I tacitly had, that, using our primitive tools, the workers should be poor, why, after invention has increased their power fifty-fold or a hundred-fold, should they still be poor?

I found many proposed panaceas, the postulate of each being that social disorder is due to the non-appreciation of

* Excessive wealth "plutoverty," breeding as it does callousness, vice, and crime, should be coupled with poverty as a twin social evil.

the creed it would teach. The principle of these movements to some extent actually in practice are in the direction of—

1. Inculcating religious "truth."
2. Prohibition or restraint in the use of intoxicants.
3. Frugality and saving.
4. Placing obstructions in the highways of trade or "Protection."
5. Removing such obstructions. Freeing trade.
6. Improving the housing of the poor.
7. The institution of "peasant proprietorship."
8. Restraining the immigration of laborers.
9. Increasing the public charities.
10. More and better schools.
- *11. Co-operation between *labor* and *capital*.

Other panaceas broader in scope and more revolutionary in character, but hardly yet attempted in practice, are—

"State Socialism."—The organization of society somewhat as an army. A project for the governmental control of all machinery of production (including land in "machinery") and to do away with interest and competition. Civil law carried to an extreme, and government executives directing all industry.

"Anarchism."—Directly in opposition to the above, being no less (because it hampers the natural liberty of man) than the abolition of all civil law.

"Communism."—The production of wealth in common by the community. No individual property.

* The Scotch in the Hebrides are exceedingly religious. The Hindostanees use no intoxicants. Great Britain has abandoned "protection" for fifty years. China carries protection to an extreme. Naples and London have made great efforts to better house the poor. Peasant proprietors in France and Belgium are many. There is no immigration into China or Ireland or the Hebrides. Public charities abound in New York and London. Public schools are now found all over Great Britain. Co-operation, so called, often attempted, ceases to be an advantage as it becomes general. Poverty under all conditions. And as for frugality, large bodies of these people live on potatoes, oatmeal and dried herrings; in the rudest huts; and very great numbers are forced to be content with breech-clouts and rice.

"Nihilism."—Now confined to Russia—the overthrow of despotic government and the setting up of representative, and from which, a hundred years ago, in the west of Europe, so much was hoped for and from which so little has come.

"Yet whatever of evil these reformers pointed out seemed to me to be caused either by the *natural*, and therefore unchangeable, impulses of men, or by some greater but unrecognized underlying evil. With, I think, insufficient depth of search, they assume that men are *naturally* irreligious, *naturally* intemperate, *naturally* wasteful, and *naturally* landless, finding it hard to get work when they wish to go to work, that wages *naturally* tend to a minimum, and that men, women and children *naturally* dwell in crowded, unwholesome tenements, working themselves to disease and death. And such of these reforms as are within the range of possibility (some are wholly impracticable), if carried into practice, would be of ill-effect, or of little effect, or, at best, merely palliatives; although of one or two of them it might be said that their direction is right."

In China, in Hindostan, in our own loved Japan, civilization is so very ancient that the oldest records do not deal with conditions very different from those of to-day; yet in the old times some wise men saw, and occasionally hinted at, that "grave injustice of men" which long-continued custom now presents to us as the justice of God, and that no one for ages has questioned. Shihosho, in "The Peasants' Woe," sings:

"Ah! my man, my brave and patient worker; the Daimio owns the soil, the winds, the rain, the very air thou breathest. Work, work, thou patient slave. For thou art a slave."

And in the same song, Omari, the priest, tells the peasant:

"I don't wish to cultivate rice in a marsh and in the hot sun." "Well! but you need rice!" "Truly," replies Omari, "but are there not tithes?"

And that Divine man, Sebayama of old, sings:

"Ah! the lot of the worker! His sad lot. I think of it and weep. Japan is a Kanguri tree; its few leaves beautiful and breezy; its summit

crowned with bright flowers and fruit ; yet, supporting all, the root masses grovel in darkness in the ground."

Of European, particularly of Northern European civilization, however, more is recorded. In Britain and in Germany Cæsar found a people brave and liberty-loving, among whom was a fair equality of condition. How that original tribal freedom gradually gave way to vassalage under the supremacy of feudal chiefs, and how, later on, with the decline of feudalism there developed a system of direct and indirect personal taxes, money-rents, and "serfage," is clearly known. And that the cause of this enslavement was not yet entirely obscured is seen in the Watt Tyler rebellion of the fourteenth century, where, though the immediate inciting cause was a uniform poll-tax that had been levied upon all, the outbreak was really against landlordism. The records of manor courts were burned ; they demanded the abolition of villeinage, the restoration of common woods and fields, and of the crown lands that had been alienated to favorites. And also in the German peasants' rebellion early in the sixteenth century, when, among other reforms, they demanded that serfage should be abolished, that game should be free, that the forests and commons appropriated by the rich should be restored.

But with lapse of time and the great development of cities the close relations between man and land seem to have been altogether obscured. There have been popular outbreaks again and again, but with no popular apprehension of the evil to be remedied. Men are few indeed who can, even in a limited way, drag themselves from the customs of their times.

Nearly twenty-three hundred years ago Plato, deploring the great inequality that in Athens separated the rich citizens from the poor citizens in opposing camps, with resulting dissension and disaster, made the effort in his ideal "Republic." About four hundred years ago another famous essay was that of Sir Thomas More, in his "Utopia," a name that is now a synonym for the impracticable. Though himself rich and titled, standing next the king in authority, he says, "Therefore, as I hope for mercy, I can have no other notion of all

the other governments [he excepts Utopia] that I see or know, than that they are a conspiracy of the rich, who in pretence of managing the public only pursue their private ends and devise all the ways and arts they can find out; first that they may without danger preserve all that they have so ill acquired, and then that they may engage the poor to toil and labor for them at as low rates as possible, and oppress them as much as they please." This imagined Utopia, told of by a returned navigator, was an island in the newly discovered Occident, and where existed an order of things quite different from England. Slavery, however, existed in Utopia. More, it seems, could not think of a civilized state without that; though the slaves were well treated. But land was held in common, and, in order to equalize opportunities, the occupants shifted every ten years. Lord Bacon later wrote his "New Atlantis." Then came Hobbes's "Leviathan," Harrington's "Oceana," and others. But attempted scientific explanations were not made till about the beginning of last century; and towards its middle, in France, there arose a group of most original thinkers under the lead of François Quesnay, physician-in-chief to the king. These men "recognized the fundamental relation between land and labor which had been lost sight of, and arrived at practical truth . . . through a course of defectively expressed reasoning." "Wealth," however, they rightly defined as consisting exclusively of material things drawn from land by the exertion of labor and possessing value in exchange, or exchangeability (excluding personal qualities and skill, evidences of debt, and, of course, land). These men saw that "rent," or, as they called it, "the product net,"—the landlord's share (the landlord considered as a *landlord* only),—is a portion of the produced wealth really created by the community, and a naturally provided fund for public use; and that taxes levied upon the making, exchanging or possession of wealth should be abandoned and recourse be had to a tax upon "rent" alone,—the "Impôt Unique,"—in English the "Single Tax."

This conclusion, which after long and patient study I now hold to be true and the *only* remedy for enormous social

evils, was by them arrived at by the faulty reasoning that agriculture is the *only* productive employment which, after all expenses of production are paid, leaves a premium or net product, or, as we now say, "rent," in the hands of the non-producing landlord, and that mechanical and commercial employments are "sterile," as, though adding to the value of the things whose form or place they change, this added value is only that which is consumed in the operations. Thus they overlooked altogether the product net, or rents, of cities, which, important then, are now in most civilized countries greater than the farming and mining rents.

In reasoning that rent arises from the generative principle in nature, and not from competition for the use of land for all purposes, they had established a treacherous foundation that, in its ultimate fall, carried with it their main structure, the Single Tax that they had built upon it.*

In the storm of the French revolution, and the long wars that ensued, Quesnay and his fellows were forgotten. But in "The Wealth of Nations," printed first in 1776, Adam Smith, taking less radical grounds, and treating land (illogically) as wealth, had better success. Although by adopting this error his book was received, he necessarily failed to grasp the principles of true political economy; while the great army of writers from his time until now, though proud of their "improvements," have been, with very few exceptions, mere hair-splitters of no originality whatever.

These attempted scientific explanations, under the name of political economy or economics, being now everywhere taught, it will be necessary to briefly examine in the effort to discover to the Japanese people whether they are in truth expositions of natural laws so clearly presented as to compel acquiescence, and where upon the main principles, at least, there is a consensus of opinion; or whether the economics of the schools, like the Ptolemaic astronomy once taught in the schools, in taking some false step in its premises, has not

* For instance.—"With the complete refutation of the physiocratic theory of production fell the physiocratic theory of taxation."—FRANCIS A. WALKER, *Pol. Econ.*

been compelled to add intricacy to intricacy to a final, incomprehensible confusion of absurdities.

Adam Smith, author of the famous "Wealth of Nations," published first in 1776, and who had in France become personally known to Quesnay and his friends, though somewhat indefinite and inconsistent as to the nature of wealth, in his definition of capital excludes land, and in his chapters on taxation points out that a tax on "rent" is a desirable tax, and one that cannot be shifted from landlord to tenant. "Ground-rents are a still more proper subject of taxation. . . . A tax upon ground-rents would not raise the rents of houses. It would fall altogether upon the owner of the ground-rent, who acts always as a monopolist, and exacts the greatest rent which can be got for the use of the ground." "Ground-rents and the ordinary rent of land are, therefore, perhaps, the species of revenue which can best bear to have a peculiar tax imposed upon them." He frequently speaks harshly of landlordism, declaring that "as soon as the land of any country has all become private property the landlords love to reap where they have not sown, and demand a rent even for its natural produce;" and that in the Shetlands, where sea-fish are so abundant, the landlord's rent is determined not by the productions of the land, but by the productions of the sea, and that they demand a rent even from gatherers of seaweed that grows beneath the water of the shore. Of entails—really nothing more than land held in perpetuity, private ownership, in fact—he says: "They are founded on the most absurd of all suppositions, the supposition that every successive generation of men has not an equal right to the earth, . . . but that the property of the present generation should be . . . regulated according to the fancy of those who died . . . five hundred years ago." (Chap. ii., Book iii.)

The writers who succeeded Smith, confusing "land" with "capital" in much of their reasoning, and misled by observing that the working masses, possessing neither, underbid each other in the struggle to live, argued that "wages"

(the distributive share of labor in the joint production of land, labor, and capital) are derived from capital, so that no more laborers can be employed than there is capital to employ them; and that wages *naturally* tend to a minimum that will give a bare living.

Then came the Rev. Thomas R. Malthus, who, in a pseudo-scientific treatise, concludes that there is a natural tendency in mankind to increase in numbers faster than the food-supply, and thus, wages being limited by the amount of capital, any increase in the quantity of capital must be followed by an increase of laborers, the competition of whom to get work tends wages downward to a mere living, when further increase of numbers is checked by want.*

Then came Ricardo to show that land value ("rent") arises differently from the values of things created by human labor, which are based upon the relative amounts of labor required for their production; that land is not produced at all, its value developing altogether from competition for its use, and that rent is thus proportioned to the excess of the production of any particular land over the produce of land "at the margin of cultivation," which can be had for nothing, or no rent. Ricardo, however, like most of his predecessors and successors, overlooked city land, the most important of all, notwithstanding that its rent is based upon the same principle.

Then was developed what the writers called "the law of diminishing returns in agriculture,"—that is that, past a certain stage of production, additional "doses of labor," as they express it, bring returns proportionally smaller and smaller, and finally no further returns at all.

Thus it seemed as if labor was left without hope, and that by the very constitution of the world and human impulses

* Genesis, revised and improved by the Rev. Mr. Malthus: "Be fruitful and multiply and replenish the earth and subdue it. But thou shalst not let thy multiplication exceed the multiplication of the herbs and the living things that shall be to thee for meat, which is by arithmetical progression. Shouldst thou get to going faster, by geometrical progression, thou, or some of thou, and perhaps most of thou, wilt find thee in a fix."—An "unedited" note, by TEREMOTO.

great inequality must always prevail; and that, side by side, the rich and the poor, wealth and waste, luxury and want can never cease to be.

These writers and the hosts who have followed them, generally without question, include in the term "wealth" both land and evidences of debt, and even include labor by treating special skill, as that of a surgeon, a preacher, a linguist, or a mechanic, as the "wealth" of these men,—their immaterial wealth.*

Here plainly is what the logicians call a complete "contradiction of terms." Land, labor, and capital the *essential primary factors* in the production of wealth; and land, labor, and capital each in itself treated as wealth! Personal skill, promissory notes, and bonds, land, factory buildings, machinery, money, etc., are, according to these men, all "wealth," and at the same time *primary factors* in the production of wealth! In the physical sciences, what would be thought of the professor who, after asserting that charcoal, nitre and sulphur are the three primary and essential elements or factors in the production of gunpowder, should maintain that nitre is not really a primary factor, being composed of the other two, that sulphur is nothing more nor less than nitre, and then treat each factor separately as gunpowder!†

Neglecting their own definitions, and thinking of "wages" only as the amount paid to hired laborers or mechanics at the end of the week or month (that is, "some wages," and not all wages), including land, skill, bonds, etc., also in the term "capital," and thinking of returns to capital as combined with returns to labor as the "profits" of capital, and thinking of interest not as always the distributive share of capital,

* These men's incomes are not derived from capital, except in a limited way from the capital of their instruments or professional books. They are derived from labor. Whether it be by a weak man or a strong man, one little skilled or much skilled, what is exerted is *labor*, what results to each is *wages*; wealth, if it is in gold or any other material thing having exchange value and drawn from land by the exertion of labor; but otherwise, no matter how the individual may consider it, not wealth (politico-economic wealth) even when it is a formal written promise to (at some future time) transfer wealth.—MAKATO.

† Professor Perry, for example. See pages 27 and 30 following.

or returns for the use of capital, but very generally as returns for the use of borrowed money only, and yet always confusing "rent" with interest, immense confusion grew into the system,—confusion piled upon confusion to the extreme of absurdity.

To make this more clearly seen I present the following citations from sundry writers, but first and principally from the "Political Economy" of Arthur Latham Perry, LL.D., an author of much repute, and who, writing sixteen years ago, had not yet reached that extreme of absurdity found in later professorial books, quotations from which, I fear, might be received in Japan as incredible:

PERRY'S POLITICAL ECONOMY.—These extracts are from his eighteenth edition, dated 1881, and dedicated to John Bascom, David A. Wells, Francis A. Walker, and William G. Sumner, men of the highest standing in the schools.

"This edition (eighteenth) has grown in size, in symmetry, and in maturity of thought and expression. It has been carefully revised, and in large part rewritten once and again and again," but "in nomenclature, . . . in studied clearness of statement on every page, . . . it is the same book still." (Preface, p. vii.)

"A science is a body of exact definitions." A definition, he says, must be so exact that "the class must be perfectly separated, in the mind by the conception and in the words by the definition, from all other classes. The class as defined must include everything that has the quality for the sake of which the investigation is had. There can be no ragged edges"* (p. 89).

"What is established in respect . . . to a part may be . . . affirmed . . . of the whole" (91).

Political economy, he says, "is the science of sales or exchanges. Anything whatsoever that is salable, or can be

* Compare with J. Shields Nicholson, Professor of Political Economy in the University of Edinburgh, page 40, or Bonamy Price, page 51.

made so, comes within its view, and scientifically it cares nothing whatever for anything else" (96). "We place the field of the science just where Whately places it,—‘*Catallactics, or the science of exchanges*’; just where the continental Kiehl puts it,—‘*Die Lehre von der Werthen*’ (the doctrine of values); and just where Macleod locates it, though we do not like the term ‘quantities’ in this connection,—‘*The science which treats of the laws which govern the relations of exchangeable quantities*’" (112).

Finding that no other writer has satisfactorily defined wealth, and unable himself to fix its bounds, he declares "that a chief reason of the slow progress of the science hitherto has been, that it has tried to use a word for scientific purposes which no amount of definition and explanation and manipulation could make suitable for that service" (99). He then proposes that the word "property" shall take its place.

"The three *requisites of production*" (production, be it noted, not of "wealth," but of "property," that is, land, slaves, government bonds) "are, first, ‘natural agents’; . . . second, labor; . . . and third, capital. . . . *These three* conspire in all production" (167). Note that he here uses "natural agents" in place of "land," in order, later, to treat land as capital, apart from natural agents. He nowhere explains how these natural agents can be used apart from land.

Labor, "the factor of first importance," he defines to be "personal effort of any kind, put forth in view of a return service and for sake of it." "Effort that is not sold is not labor" (204). Which definition excludes labor expended in producing wealth to be consumed directly by the laborer. "The wise laborer is he who . . . makes himself necessary to his employer. . . . That laborer will be the last one discharged" (210). By laborer he here means only the hired laborer, and unconsciously changes the economic meaning of labor from *all* human exertion in the production of wealth to *some* human exertion in the production of wealth.

"The more capital the higher the rate of wages" (273). In California, in 1849, while capital was so scarce that it

could be loaned on good security at 6 per cent. a month, wages for common labor rose to an ounce (sixteen dollars) a day. Now (the once open land being fenced in), with superabundance of capital (indicated by the low rate of interest there), common laborers are paid one dollar and a half a day.

"The demand for labor . . . cannot be unlimited" (225). Why not? The wants of *animals* are fixed; but societies are composed of *men*, all ever wanting more "wealth," and all capable of producing "wealth;" that is, more things that gratify desire, that have an exchange value, and are brought forth only by *labor*. Evidently the demand for labor should be unlimited.

"Wages, therefore, cannot rise indefinitely" (225). Why not? Man's inventive power is practically unlimited. His ability to produce wealth constantly grows. If his wages do not, there is, evidently, some intercepting robber.

Of land, labor, and capital, he has said that "These *three* conspire in all production," yet he conducts his arguments with but *two*, treating labor in connection with the factor capital only, leaving out the factor land. For example, "In this country, where there is nothing to hinder any laborer from becoming a 'capitalist'" (247). "So long as capital and labor rest solely upon their natural rights, neither can have the advantage of each other" (247). "Capital . . . has intimate relations with wages, and the two are not antagonistic." "The production of most material bodies is a joint process, in which capital and labor both conspire" (243). "Capitalists are under no obligation to employ laborers at any time" (237). "Wages are paid out of the joint products of the employer's capital and the laborer's industry" (231), and so throughout.

He says, "Strikes are contrary to the very old adage that it takes two to make a bargain." "But let the bargain always be free." "If one party, who happens to have the power to do it, uses anything like compulsion upon the other, it ceases so far forth to be a bargain at all, and becomes a sort of robbery" (241). And yet, as things are now organized, we can so easily see, in the matter of wages, that *three* make the bargain—to wit, one employer who needs one man, and two men who need employment.

"The second grand requisite of production is capital." "But it is not an original element, because it is of itself a product of the other two factors" (251). But later on he writes "*Land is capital*" (298).

He defines capital as "any *valuable* thing outside of man himself which becomes a means in further produce." "We are willing to take the risks with this definition." (252). Thus, after declaring that a definition must be so exact as to clearly and without "ragged edges" separate the thing defined from all other things, he hopelessly confuses the boundary between capital and land.*

"And it is because capital brings *gratuitous* natural forces into service," etc. (256). The rainfall, sunlight, air, winds, electricity, gravitation (natural forces), how can they be "brought into service" except on land? The term "land" includes them all.

"The reward of capital is technically 'profits'" (260). And yet he subdivides profits into *wages* of superintendence, *interest*, and compensation for risk. Thus the distributive shares of landlord, laborer, and capitalist—to wit, rent, wages, and interest—do not correlate. For, though he gives wages to labor, he includes, besides interest, wages also in the capitalist's share (wages of superintendence), and also "rent," inasmuch as he declares land to be capital. As to "compensation for risk," it has no place whatever, as risk is eliminated when all the transactions of a community are taken together.

"Capitalists are the principal people who desire steadily, and are able to pay for, the service of laborers" (266). This is the *carefully revised* eighteenth edition, mind you, my countrymen. Who are the principal people who *desire* steadily? Capitalists!

"The sole source of riches" (Perry objects to the term

* "Nothing can add to the force of what has been said by so many eminent authors as to the importance of clear and precise definitions, save the example (not an infrequent one) of the same authors falling into grave errors from the very cause they warned against. And nothing so shows the importance of language in thought as the spectacle of even acute thinkers basing important conclusions upon the use of the same word in varying senses."—Prog. and Pov., Book I., Chap. ii.

"wealth") "and taxes is trade" (600). Note that he includes "land," that is the world,—the universe,—in the term "riches."

"Laborers are every way the economical equals of capitalists. Laborers offer a service to capitalists, and capitalists offer a service to laborers. They stand man to man to the mutual advantage of both, and one is as independent as the other." "As a capitalist, he cannot exist without them; as laborers, *they cannot exist without him*" (267). In all this land-lords are omitted,—the men "owning" the whole field of labor,—the world,—with legal power to lock out their landless fellows.

"All that is produced is to be divided; if more is produced, more is to be divided" (269). Yes, but how divided? By including "land" in the term "capital" and "rent" in the term "interest," he fails to see that during the past one hundred years, while *interest* has declined, *rent* has enormously advanced.

"Profits and wages are reciprocally the leavings of each other, since the aggregate products created by the joint agency of *capital* and *labor*" (omits land again) "are wholly to be divided between them. This demonstration is extremely important, as it proves beyond a cavil that the value of labor tends constantly to rise, . . . and therefore that there is inwrought in the very nature of things a tendency towards equality of condition among men. God has ordered it so" (270). It has been so ordered, no doubt; but God does not keep men in leading-strings. The moral laws, like the physical, are left to man to discover. Any other system, apparently, would maintain men in babyhood. Yet among primitive men we observe a full equality of opportunity, and a fair equality of condition. If starvation exists in an Indian tribe, it is because there is a *real scarcity* of food, equally affecting all. Why, if God ordains equality, has advancing civilization always brought greater and greater inequality, often ending in an overthrow of the civilization and a lapse into barbarism? Spectres of ruined cities and departed empire, though silent, are admonitory.

"All capital is *products* saved for further use in produc-

tion" (273). Land, being included in capital, is thus a product saved for use in further production!

"Profits are the leavings of wages" (273). But, as I have shown, he includes wages also in profits (wages of superintendence).

"It is conceded by all that air and light and gravity and electricity and other natural powers, *disconnected with the land*" (italic type mine), "are free for all to use at will" (274). Maybe, if found disconnected. But is it possible to conceive of them as so disconnected? Can any of them be used apart from land? To ask these questions is to answer them.

"The questions relating to land and its products have been among the most vexed questions in political economy, have exercised a vast amount of ingenuity, and have led to careful observations in the *whole field of agriculture*" (275).

Of landlords he writes, "What they received gratuitously they must gratuitously transmit" (278). (He infers here that they can demand a price for improvements alone.) "But if they go farther, and demand pay for the natural qualities of the soil which God gave and they have not improved, for the sun that shines and the rain that falls on it, the demand is blocked at once by the common sense of the purchaser. . . . I cannot give you something for that which costs you nothing, and which I can get for nothing" (278). The light and frontage of a corner lot, or untouched iron and coal deposits, cannot be sold! Why, the Earl of Airlie sold to Dundee for £25,000 the water of Loch Lintrathen; the water only (he reserved the fish). Sold the very rainfall to the people of Dundee!

"Human motives are such, and everything is so providentially arranged, that we cannot, as a rule, sell God's gifts; it would be derogatory to the Giver if we could" (279). Is not man's freedom God's gift? And is not the earth God's gift? Have not both been sold?

"Whatever makes land more an object of desire than it was before, whether increased fertility or a location now become more advantageous, will so far forth increase its value" (281).

"There are no such powers" (indestructible powers of the

soil), "and even if there were, their value could not be separated from the value created by labor and capital expended upon it" (280).

"Lands in cities or in the neighborhood of them, lands of unusual fertility or possessing superior building sites, lands containing rich mines or a remarkable water-power, sometimes excite an extraordinary desire to possess them, *and bear, in consequence, an extraordinary price*" (281).

"Still, the efforts, care, and *abstinence* of their owners, or of others, have made up the essential part of their present *utility*" (*italic type mine*) (282).

"Land may be purchased and held a long time with a view to ultimate profit. . . . Little may have been done for the land originally, and little in the meantime, and yet the ultimate price be large, *because the purchase-money should be replaced with compound interest*" (*italic type mine*) (282). Loss from declining land-values ought, then, justly to be made good by the state. And should capital, in the form of factory buildings and machinery, or a grocer's stock, be allowed by their owners to stand ten, twenty, forty years totally untouched, there would remain, I fear, instead of the original cost with interest added, little more than rust, dust, and decaying walls.

"Abstinence, therefore, which is one form of effort, has often to do with the value of land" (282). "Abstinence" is not doing, "Effort" is doing—so here Perry really says,— "Not doing, therefore, which is one form of doing, has often to do with the value of land."

"This brings us to the very important proposition that by much the largest part of all salable land is nothing more nor less than capital" (283).

"The moment it is recognized as such,* the difficulties that have perplexed economists and statesmen—for example, Mr. George in his labored discussion of land, and Mr. Gladstone in his Irish Land Bill—mostly, if not wholly, disappear" (283).

* The writers before him, similarly confused, Perry overlooks. Even Adam Smith, though omitting land from his definition of capital, seems, at times, in his arguments to include it both in capital and wealth.

"That portion of the land that is capital, then, must, of course, possess all the characteristics of capital, and among these *is the liability to wear out*" (284). This shows, I think, that he confuses improvements with land, and is really, though unconsciously, defending property in improvements (property in wealth), and not property in land.

He speaks of whole tiers of farms in New Hampshire that have fallen in value, and such facts, he thinks, "should shut the mouths of Henry George and the Irish Land Leaguers" (284). But are not the owners of these lands entitled "to their purchase-money back, with compound interest"? (282). On the site of Babylon and the plain about it the value of land has declined to zero. The reason is manifest; though the land is still there, rent and the inhabitants disappeared together.

"The truth is that the *common sense* of mankind seals such ownership" (284). Common sense may sometimes mean long-continued custom that has utterly fettered thought, and reminds one of the Duke of Argyle's paragraph in assailing Henry George: "I know very well, whether I can unravel his fallacies or not, he is talking the most arrant nonsense, and must have in his composition, however ingenious and however eloquent, a rich combination and a very large percentage of the fanatic and goose." ("The Prophet of San Francisco," *Nineteenth Century*, April, 1884.)

"The rent of leased land is the measure of the service which the owner of the land *thereby* renders to the actual cultivator of it" (288). The word "thereby" in this sentence can refer only to the word "rent" preceding. And consequently the service rendered to the cultivator by the owner is to carry off a part of the cultivator's produce as rent.

"The rent of land does not differ essentially in its nature from the rent of buildings in cities, or from the *interest* of money" (288). He here thinks of interest as returns for *borrowed money* only, and not as the distributive share of capital.

"It is also in strict accordance with right that the legal owner should continue to receive a return in the shape of

rent* for all the fertility and opportunity actually rented by him, and no more " (290).

All through his book "tillable lands," "diversity of soils," "superior crops," "increased fertility," "law of diminishing returns in agriculture," "improvements in cultivation,"—"the questions relating to land . . . have led to . . . observations in the whole field of agriculture," and so on, again and again, show that by "land" he is thinking usually of farm lands.

"The best tenure of lands is the fee simple in the hands of the actual cultivator" (293). The census reports of 1880 and 1890 show that tenancy, both in city and country, is increasing.†

"The word 'farm' in the United States has quite a different meaning from the same word used in Great Britain. It means here a man cultivating his own fields in his own way, and it means there a man cultivating another's fields with his own funds in a way and on terms made a matter of contract between the two. And these two modes of culture are so distinct that they are not likely to lie alongside of each other in the same country to any great extent for a very long time" (293).

"In this country the plough is guided almost exclusively by the man who owns the soil" (293). This is not in accord with census reports. Besides, he forgets the landless farm laborers.

* Why does he not say "interest," as above suggested? Why keep up a distinction where none exists?—MAKATO.

† The census reports of 1880 and 1890 show that in ten years farm tenancy has increased. For example: In *Iowa* from about twenty-four per cent. to twenty-nine and one-half per cent.; in *New Jersey*, from twenty four and one-half per cent. to thirty-two per cent.; in *Massachusetts*, from eight to fifteen per cent.; in *Maryland*, from thirty-one to thirty-seven and one fourth per cent.; in *Kansas*, from thirteen to thirty-three per cent.; in *Ohio*, from twenty-five to thirty-seven per cent.; and that *city tenancy* in 1890 was in *Boston* eighty-one and one-half per cent.; in *Baltimore*, seventy-four per cent.; in *Pittsburg*, seventy-three per cent.; in *Kansas City*, seventy-seven per cent.; in *Philadelphia*, seventy-seven per cent.; in *New York City*, ninety-four per cent.; and in these cities one-third to one-half of the comparatively few home-owners are mortgaged.—MAKATO.

“The lands naturally fall into those hands which are most capable of using them productively, because such persons can afford to pay more for them than anybody else” (294). But the *tenants* are everywhere the ones who use them productively. The *landlords*' capabilities are confined to raising and collecting the rents.

“It would seem that the masses of men are educated and developed by nothing so much, at least by nothing more, as and than by the ownership of land” (294). The institution of the “single tax,” by which landlessness is abolished, each member of the community having precisely the same rights in the lands of the community as every other member, then would tend greatly to this “education and development.”

“The institution of slavery led to the system of large plantations” (295). This is what Americans call “putting the cart before the horse.” It was the large landed estates granted by Spanish and English kings that led to the introduction of slavery.

“No degree of merit in the other parts of the British system can ever compensate the want of just and broadly liberal views of land” (298). The land tenure of Great Britain is the same as in the United States, except that the British landlords' powers have been somewhat curbed by acts of Parliament.

“The questions of land test the powers of the economist to the utmost” (298).

“Land is a commodity made such by human effort” (298).

“Private property in land is a dictate of the deepest justice and of the largest experience” (298).

“The rent of leased land is but a return service of the cultivator for the use of the capital of the land-owner” (299).

“Superior soils pay a rent because the price of produce justifies the cultivation of inferior soils” (299).

“But is not rent a return for a service rendered? And if the rent be confiscated would the service continue to be rendered?” (86). That is, if rents should be collected, not for private but for public use; if landlords should not be permitted to let out the world, would there be a world to use?

“The price of produce, as of everything else, is determined

by the demand for it and the supply of it" (299). As in "produce," or "products," he includes not only true "wealth," but also evidences of debt, human skill, and land (or the universe outside of man), what can he mean by "everything else?"

Although on page 288 he has said that "The rent of land does not differ essentially . . . from the interest of money," he now says (page 299), "As lands are capital, so rents are profits," and "profits," he informs us, are resolvable into wages, interest, and compensation for risk.

My closing extract is from his preface: "An uncommonly competent critic (See *Nation*, II., 146) conceded, on the appearance of the first edition of this book, that original light was thrown upon the vexed question of land" (p. ix).

I confess that upon re-reading these extracts from Perry, in which, priding himself upon his logic, he violates every logical rule and falls into every fallacy; noting his confusions and overlapping definitions, his substitution of the term "property" for the term "wealth," and his varied absurd reasons for the private appropriation of rent, there comes over me a feeling of shame that custom can so degrade the intellect of man.

E. BENJAMIN ANDREWS, formerly professor of political economy at Cornell University, until lately president of Brown University, and who has just accepted the superintendency of the Chicago Public Schools, is a man widely known and of the highest reputation. He seems to have an open mind and to have grown in stature. His book was written after a long course of linguistic study and attempts to comprehend the incomprehensible German and Italian as well as English "economists," in which, for the time, he lost his mental grasp; for these works "so cause the mind vainly to torment itself in the effort to discover their meaning that at last it collapses exhausted, with its capacity for thinking completely destroyed." His book, though less absurd than Perry's, is seemingly an assurance that there still is truth in the assertion of Adam Smith about the universities of his

time, the greater part of which had not been forward to adopt improvements, and are "sanctuaries in which exploded systems and obsolete prejudices have found shelter and protection after they have been hunted out of every other corner of the world."

This compendium was published first in 1888, and is yet largely used. The schoolman, as usual, shows all over it. It is entitled "Institutes of Economics," and is by "Elisha Benjamin Andrews, D.D., LL.D., President of Brown University and late Professor of Political Economy and Finance in Cornell University." It is dedicated "To Hof-Rath Dr. John A. R. Von Helferich, Professor of Economics and Finance in the University of Munich, by his former pupil, the author." On the back of the title-page is a quotation of four lines from Xenophon, in the Greek original, without an accompanying translation. Of independent thought there is apparently little. The author rests mainly upon authorities, to whom he constantly refers.

Thus, the first chapter, "Economics Defined," is headed with these: *Cossa*, Guide, ch. i. *Mill*, Essays, 1829, on Method in Pol. Ec. *Sidgwick*, on do., Fortnightly, 1879. *Roscher*, *Grundlagen*, *Einkl.*, ch. i. *Cohn*, *Grundlegung*, *Einkl.*, chaps. i., ii., iv. *Garnier*, *Traité d'écon. pol.*, 682-85.

And the second chapter, "General and Private Wealth," with *Storch*, *Zur Kritik d. Begr. von Nationalreichthum* (1827). *Marshall*, Economics of Industry, § 7. *Hawley*, Quar. Jour. Econ., vol. ii., 365, 599. *Inama Sternegg*, *Vom National-Reichthum*, *Deutsche Rundschau*, June, 1883. *Neumann-Spallart*, *Weltwirtschaft*, *Jahrb.*, 1883-84, pp. 8 ff. *Schmoller-Forschungen*, vii.

From his preface I read: "As economics is now in *transition* (italic type mine), many deprecate all effort at present to summarize it afresh" (p. vi.). Modification or improvement, he probably means. "Transition," suggestive of a greater or complete change, as from infirmity to death, is, I think, the unintended expression of a truth.

"Meantime our *best texts*, with all that is true, profound and well said in them, blend *not a few* propositions that what may be called the general judgment of progressive economists

pronounces *inadequate, misleading, or erroneous*. Such are especially numerous in regard to *the nature of wealth, the scope of economics*, and in the weighty rubrics of *Value, Money, Interest, Wages and Profits*" (all italic type mine) (vi.). That is, they ("our best texts") are at sea not only upon the very foundation principles of political economy, but even as to its scope!

"Economics is that branch of learning conversant about general wealth." Might not statistics or "finance" also be "conversant about general wealth?" Besides, as "our best texts" disagree as to the nature of wealth, economics is conversant about something not yet defined.

"Wealth," Andrews says, "being the collective name for all those categories of things, powers, relations, and influences which both result from conscious human effort and directly contribute to human welfare in its temporal aspect" (1). "Categories of" sounds learned, but should be omitted. And the "things, powers, relations, and influences" may, by this definition, have no value in exchange (as required by other definitions) and yet be "wealth."

"Capital is the name of all *products, material or immaterial* (italic type mine), which are engaged in or devoted to the mission of helping labor to create further products. It is thus one great department of wealth" (47). Roscher, he says, has well classified the various forms of capital as follows (omits land, but includes "incorporeal or immaterial capital" which is not defined, but probably refers to skill, as of mechanics, physicians, and so on,—that is, to skilled labor, or properly labor which cannot be capital at all).

"Ground-rent is the advantage accruing to land-owners from the *use* (italic type mine) of certain *uncreated or socially created* powers and utilities connected with land, including, besides mere fertility of soil, also mineral wealth, water privileges, locations," etc. (166).

"Rent forms no part of the cost of production, and *is payable for no service*. *It swells the individual fortunes only at the expense of society as a whole*. . . . Rent does not cause higher prices, but is caused by them" (italic type mine) (165).*

* Compare the lines in italic type with Perry on the same subject, *ante*.

"*Labor* is the exertion of human beings directed toward productive or economic ends. It consists in 'the action of spirit on itself and on matter' *always involving an intellectual as well as a physical element*" (43). And yet, after this, he writes, "Acquired business ability is, of course, *capital*, and its remuneration *interest*" (187).

He includes in the term "wages" the reward of common, unskilled labor only. The rewards (salaries or fees) earned by "peculiar talents" are profits.

He distributes the produced wealth into

1.—Rent,—To monopolistic proprietors of "material necessities."

2.—Interest,—To proprietors of capital, for its use.

3.—Wages,—To laborers, for their toil.

4.—Profits,—To organizers and superintendents, for their ability.

5.—Anomalous Fortune,—"To anomalous recipients, for a variety of reasons, often excessively hard to analyze" (159). *Five* portions which do not correlate with the *three* factors—land, labor, and capital.

ALFRED MARSHALL, Professor of Political Economy in the University of Cambridge, Fellow of St. John's College, and some time Fellow of Baliol College, Oxford, occupies the first rank, "beyond all question," says Cossa, the eminent Italian economist.

Marshall defines "political economy or economics"* to be a "study of man's actions in the ordinary business of life; it inquires how he gets his income and how he uses it. Thus, it is on one side a study of wealth, and on the other, a more important side, a part of the study of man." I fear that Japanese students may regard this as an ironical production of my own. However, it can be readily verified by turning to page 1 of his book.

Verbose incomprehensibility characterizes Marshall, a

* In his "Principles of Economics," 1891.

style caused not only by his confusion of mind, but by his scholastic neglect of the English tongue for Latin, Greek, German, Italian, and French, and also by a mathematical turn, inducing him to still more mystify both himself and his readers by abstruse geometric and algebraic proofs.

Commencing on page 126 are thirteen pages devoted to capital, but that cannot be understood. They deal with "social capital, trade capital, consumption capital, auxiliary capital, potential capital, circulating capital, fixed capital, specialized capital, personal capital." Of personal capital he says, "We might slightly modify Adam Smith's phrases and say that individual capital is that portion of the person's external goods by which he obtains a livelihood (*Erwerbsmittel*)."

All capital seems to be included in "goods," and goods are tabulated thus :

Goods are	{	External.	{	Material.	{	Transferable.
						Non-transferable.
			{	Personal.	{	Transferable.
						Non-transferable.
	{ Internal—personal—non-transferable.					

Four pages, commencing at 116, are given to "Labor," which he defines "As any exertion of mind or body undergone, partly or wholly, with a view to some good other than the pleasure derived directly from the work."

Like his compeers, he refers constantly to soil, fertility, crops, and so on, taking but an agricultural view of land. It seems never to occur to him to ask, "Besides cabbages and corn, other things produced by human effort are produced—where?"

"The requisites of production," he writes, "are commonly spoken of as land, labor, and capital: those material things which owe their usefulness to human labor being classed under capital, and those which owe nothing to it being classed under land. The distinction is obviously a loose one; for bricks are but pieces of earth slightly worked up, and the soil of old settled countries has for the greater part been worked over many times by man, and owes to him its present form" (191). This extreme confusion runs through

all recent writers. They cannot separate man's works from God's. Can't distinguish a brick from a clay bed! And as to farm lands and all other lands, what gives value, and sometimes high value, to lands in new settlements? Manifestly the presence, or the anticipated presence, of a large population. Not that they "have been worked over many times."

He devotes many pages to "Diminishing Returns in Agriculture" and "Doses of Labor," not noting that all extended production, whether of beans or books, pottery or penknives, hay or houses, *must* ultimately require an extension of space.

I doubt that it is possible to discover what Marshall means by "law."*

He makes, in thirty-two pages, without coming to a positive conclusion, "A preliminary survey of Distribution and Exchange," erroneously, I think, treating "exchange" under the head of "distribution" instead of "production," for "it is by exchange and through exchange that man obtains and is able to exert the power of co-operation which, with the advance of civilization, so enormously increases his ability to produce wealth."

"Joint and Composite Demand and Supply" occupy eleven pages, with frequent and elaborate foot-notes, and also eight intricate mathematical notes in the appendix. One of these (No. 14) is here given as a sample of the diablery of recent "economics."

NOTE XIV (page 434).

Let the demand equation for knives be $y = F(x)$ (1).

let the supply equation for knives be $y = \Phi(x)$ (2).

let that for handles be $y = \phi_1(x)$ (3).

and that for blades be $y = \phi_2(x)$ (4).

then the demand equation for handles is $y \equiv f_1(x) = F(x) - \phi_2(x)$. (5).

* "My Pericles," said he, "can you explain to me what a law is?" "Undoubtedly," replied the other. "Then I conjure you by the immortal gods!" said Alcibiades, "instruct me on that point; for when I hear men praised for strict observance of the laws, it seems to me evident that he can no way pretend to that praise who is altogether ignorant of what a law is."—Xenophon. *Memoirs of Socrates.*

The measure of elasticity for (5) is $-\left\{\frac{xf_1'(x)}{f_1(x)}\right\}^{-1}$, that is

$$-\left\{\frac{x F'(x) - x f_2'(x)}{f_1(x)}\right\}^{-1}$$

that is $\left\{\frac{x F'(x)}{F(x)} \cdot \frac{F(x)}{f_2(x)} + x \frac{f_1'(x)}{f_1(x)}\right\}^{-1}$.

This will be the smaller the more fully the following conditions are satisfied: (i) that $-\frac{x F'(x)}{F(x)}$, which is necessarily positive, be large,—i.e., that the elasticity of the demand for knives be small; (ii) that $f_2'(x)$ be positive and large,—i.e., that the supply price for blades should increase rapidly with an increase, and diminish rapidly with a diminution of the amount supplied; and (iii) that $\frac{F(x)}{f_1(x)}$ should be large; that is, that the price of handles should be but a small part of the price of knives.

A similar, but more complex inquiry, leads to substantially the same results, when the units of the factors of production are not fixed, but vary, as in the preceding note.

Although devoting a whole chapter to wealth, he gives no definition of it, the nearest approach being, "All wealth consists of things that satisfy wants, directly or indirectly. All wealth, therefore, consists of goods; but not all kinds of goods are reckoned as wealth." But he nowhere tells us what goods are wealth and what goods are not. But evidently in his arguments he treats "land" as wealth; and he makes the direct statement that "we ought for many purposes to reckon the Thames a part of England's wealth."

J. SHIELDS NICHOLSON, M.A., D.Sc., Professor of Political Economy in the University of Edinburgh, some time Examiner in the Universities of Cambridge, London and Victoria.

At the beginning of his "Introduction"* he devotes two pages to a definition of "economics," commencing, "As it is impossible to compress a treatise into a sentence, it follows that a preliminary definition of any science can be neither

* To his "Principles of Political Economy," 1893.

adequate nor exhaustive," and then leaves the reader in doubt.

As to the precision of terms so insisted upon by Perry and many other writers, and by all the logicians, he writes, "It is admitted that economic terms are in general incapable of precise and rigid definition, and that a debatable margin must be left between economic species" (37).

In this introduction of eighteen pages the paragraphs are headed, "1. Definitions of Political Economy. 2. The Popular Conception of Wealth. 3. The Economic Conception of Wealth. 4. Political Economy as a Science. 5. The Methods of Political Economy." Yet, notwithstanding these headings, except that he says, "Its province (P. E.) may perhaps be best described *provisionally*, in the words of Adam Smith, as an inquiry into the nature and service of the wealth of nations," he nowhere defines either political economy or wealth. The chapter ends (and with its beginning we don't wonder at it), "In conclusion, the reader may be warned that in the study of political economy he will meet with difficulties of various kinds."

His "root idea of capital" is, "Capital is wealth set aside for the satisfaction—directly or indirectly—of future needs" (11). He makes much reference to Boehm-Bawark and the "positive theory of capital," treating of "Productive capital," "Consumptive capital," "Potential capital," "Fixed capital," and "Circulating capital," and gives no definite reply to his own question, "Does capital include what are called immaterial as distinct from material *utilities*?" (*italic type mine*). Industry, he says, is limited by capital.* Capital is the result of *saving*. Demand for commodities is not a demand for labor. "It has been admitted that most of the

* "And God created man in his own image, in the image of God created he him. And God blessed him and said—'Behold the earth is thine inheritance and dwelling-place; but there is not yet a capitalist to hire thee, so that thou canst labor and do all thy work.' So the Lord formed capitalists of the dust of Havilah, wherein is gold, and he gave the earth to the 'capitalists' so that Adam should not stand idle and die, but till the earth for the capitalists and live." (*Genesis revised by Nicholson.*)

valuable qualities of land are capital in the economic sense." Oh! brown brother students of Dai Nippon, have here respect for your own powers. Do some thinking for yourselves. Should this closing word be "sense," as it is written, or "nonsense?"

With little glimmer to aid us we wander in a Scotch fog, where nothing is defined and nothing is certain except the confusion of the guide; stumbling at every step against some such cobble as this: "Is all capital the result of labor? . . . The answer, as in all questions of definition, must depend upon . . . the problem in hand," or as this: "On the other hand, however, it is extremely difficult," etc., etc., etc., *ad infinitum*, throughout the book; as—"It is extremely difficult to draw the line between the gifts of nature and the results of labor" (93). "It is extremely difficult to estimate unexhausted improvements" (322). "It is extremely difficult to forecast" rent (317). "Value is encrusted with difficulties" (27).

Chapter iv., Book i., treats of "land." The chapter is headed "Nature," but the pages are capped with the word "Production." As in the others, all is indefinite. The mists never clear away. "Of the Gifts of Nature some are practically unlimited, others limited. The distinction between the unlimited and limited utilities afforded to man by nature, as so often happens in economic classification, is indicated by a line which varies in different times and places."

Chapter ix., thirteen pages, headed "Large and Small Farming," is better fitted for a work on agriculture to guide a country laird.

Chapter v., "Labor" (which, however, is not defined), commences thus: "Twofold meaning of Labor; and first of Subjective Labor. Labor is used in two different senses, which are most briefly described by the philosophic terms subjective and objective; that is to say, labor may be considered, on the one hand, as involving a certain degree and kind of feeling on the part of the laborer, and, on the other, as effecting a certain result in doing a certain amount of work. In general, the nature of the feeling involved in economic labor must be regarded as in itself painful, disa-

greeable, or irksome, or, at any rate, as causing a sense of effort or strain. Accordingly, as a rule, it is undertaken and endured with the view of some ulterior object, such as the satisfaction of present or future wants." There is much reference to German authors, their long-titled books and incomprehensible contradictory terms, and Marshall is sometimes referred to and criticised.

Marshall.—Nicholson.—Economists? And at two of the greatest of British Universities! For incomprehensible prosy prolixity, and bad English, I should give the palm to Marshall. Though Nicholson is nearly his match.*

Dati was born into the world. Honga and his brethren similarly were born into the world. Dati producing nothing, yet gloriously arrayed and wearing curved swords in the silken folds of his sash, is held in high honor as he sips exquisite tea in the cool shade of the cherry-blossoms. Honga and his brethren producing the silk, and the sword-blades, and the tea, wearing little clothing the while, toil all day and every day at weary looms, in stifling shops, in hot tea-fields. Oh! Shihosho, Oh! wise man, thou priest of the common father of us all, is it just that the idle few should get much and be worshipped, while the toiling many get little and are despised? "Thou dull drudge," responds Shihosho, "shall a wise man instruct thee to his hurt? Is a priest needed to remind thee of the decree of God that, until thou shalt use thine own mother-wit the oracles, though loud-sounding, will be dumb?"

In former feudal times in Europe, and in Japan as well, when the military chiefs held their lands subject to military service, when the rent of crown lands supported the civil service, and when the church lands supported the religious institutions, the charities and schools, the state seems to have met with few financial difficulties.

* Shall I let this stand? Justice answers unhesitatingly, Yes. They are pitifully entangled (as I was myself) in the customs of their times, and their books, made "to darken things that are clear to the open mind," dwarf and blight to a state of dry-rot the young minds who struggle long and vainly to comprehend them.—MAKATO.

This was not the "Single Tax," as the professors sometimes urge. Feudalism was the blending of the Roman individual with the German tribal or communal ownership; It was but a partial recognition of the truth that the "rent" of a country belongs to the people of the country. For a large part of the inhabitants, as serfs or slaves, were completely landless, while the freedom of all was hampered by the excessive landed power of great churchmen, manorial lords, barons, and dukes. In the towns, too, full private ownership of land, with its evil consequences, prevailed from the first.

But with the development of private ownership of "rent" difficulties have arisen, and insufficient revenues have led to national and municipal debts. The revenue of Japan, as of America and European nations, is mainly derived from taxes on "wealth" (true wealth) and industry (including, of course, trade). Such taxes tend to check the production of wealth and to restrain industry. The higher they become, the more repressive they become. With progress in population and civilization greater and greater funds are needed for public use. In the village each one has his own well, uses his own lamp, and, needing neither vehicle nor messenger, can by walking readily reach all desired points. As the village grows to a city the wells give way to water-works, the lamps to gas-works, while street-cars and telephones become indispensable to the greater distances. But, property created by human industry (wealth, including capital) often unable to bear further weight of taxation to construct them, these institutions, monopolies in their very nature, are apt to fall into private hands, the result being always corporate extortion and the corruption of the legislative bodies concerned—so corrupt, ultimately, that the people will hardly listen to a proposal for public ownership, as dreading the venality of the officials who would control.*

* As such improvements do not tend to increase the values of machinery, or merchandise, or buildings, but add to the value of "rent" alone, it would, manifestly, be both just and politic to construct them in toto by a single-tax on rent, which particular tax would, besides, not

I now present, extracted from many eminent economists, their definitions of political economy and their definitions of wealth. What I have already advanced may seem sufficiently contradictory and absurd; but by these quotations the reader will be assured that in the schools the confusion is general, and that if we hope to arrive at truth we must take other guides than collegiate professors of economics and finance.

ADAM SMITH, whose famous "Wealth of Nations" was published in 1776, defines political economy as the study that treats of "the causes of the improvement in the productive powers of labor, and the order according to which its produce is *naturally* distributed among the different ranks and conditions of men in the society." He attempts a formal definition of capital, but not of wealth. But in the title and elsewhere in his book he uses a term indicating that he excludes evidences of debt and land values, which, though they may bring wealth to the individual, form no part of the "wealth of nations," inasmuch as all the bonds and land titles in the nation might be destroyed without loss of wealth. For what one would lose others would gain. Though, after all, Smith is not entirely consistent as to the real nature of the wealth of nations, or wealth in the economic sense. But Smith, and most of the earlier writers upon political economy, agree as to its scope,—to wit, the nature of wealth and the laws of its production and distribution.

JEAN BAPTISTE SAY, in "A Treatise on Political Economy, or the Production, Distribution and Consumption of Wealth," 1803, says, "Political economy is the economy of society, a science combining results of our observations on the nature and functions of the different parts of the social body." Again, "Political economy, from facts always carefully observed, makes known to us the nature of wealth; from the knowledge of its nature deduces the means of its creation,

only discourage speculation in that which is more essential to man's existence than his body, and which in the order of creation preceded it, but, by removing tax from it, would encourage the production of true wealth.—MAKATO.

unfolds the order of its distribution, and the phenomena attending its destruction." He enumerates land, metal, coin, grain, stuffs, commodities of every description, as having inherent value, and are therefore wealth. Landed *securities*, bills, notes of hand, he excludes. "It is not the investigation of *natural wealth*, or that which nature supplies us with gratuitously and without limitation; but of *social wealth* exclusively, which is founded on exchange and the recognition of the right of property." Thus dividing wealth into natural and social, and applying the latter term to whatever is susceptible of exchange.

THE EARL OF LAUDERDALE ("An Inquiry into the Nature and Origin of the Public Wealth," 1804) says, "... We shall endeavor to establish that land, labor and capital are all three original sources of wealth." But he thinks of land only as for agriculture, and in places treats land as wealth. He makes a distinction between private and public wealth. Government bonds or land may decline in value, and as same interest or rent is paid there is no loss of private wealth—only public. Sugar from a war may advance in price, with no gain to national wealth.

Lauderdale sees clearly that some things that to the individual are similar to wealth, form by no means any part of national wealth. In this connection he refers to land values, and suggests that hitherto free wells in a desert might be reduced to private ownership, and thereby attain a value (exchange value), without adding in the least to the general wealth of the country, for what the well-owners would gain the well-users would lose. Bonds given by government, he seems to feel, cannot form any part of the public wealth. He remarks that "we had better find out what wealth is before we discuss plans for increasing it." He puts labor before capital in the production of wealth, and says that wealth can only be increased by the means by which it is produced.

M. SISMONDI ("New Principles of Political Economy," 1819) says, "Political economy treats of the physical welfare of man, so far as it can be the work of government, or the nature and cause of the wealth of nations." He presents no

definition of wealth, and uses the term indefinitely, like Smith.

HENRY C. CAREY ("Principles of Political Economy," 1840) defines political economy as "the science of the laws which govern man in his efforts to secure for himself the highest individuality and the greatest power of his association with his fellow-men." Again, political economy is "the science which traces the laws of those phenomena of society which arise out of the desire of mankind to maintain and improve their condition." He makes no definition of wealth, the term "capital" apparently taking its place. "Under the head of capital we include all articles possessing exchangeable value, the accumulated results of past labor." Mr. Senior and some other economists exclude land and articles of wealth not used productively; "but we cannot agree in the propriety of the exclusion" (vol. i., 294). He says, "The author is . . . aware of the disadvantage under which he labors in attempting to controvert doctrines supported by the authority of Malthus, Ricardo, McCulloch and Torrens." He uses the term "distribution" sometimes to mean *transportation*. As for instance—Mr. Senior excludes from his definition of capital "all articles of wealth not employed in the production or distribution of wealth."

PIERRE JOSEPH PROUDHON ("Qu'est ce que la Propriété?" 1840). Proudhon is the father of philosophic "anarchism," and is not classed as an economist. To the question, "What is property?" he responds, "La propriété c'est le vol" (property is robbery). He don't define wealth.

M. BASTIAT ("Harmonies of Political Economy," 1840) says, "Political economy is the theory of exchange." Again, "Exchange is political economy." As to wealth he writes, "One of the greatest difficulties, one of the most fertile sources of misunderstanding, controversy, and error, . . . presents itself at the very threshold of the science—What is wealth?" Bastiat himself replies thus: "Wealth in political economy has two meanings. *Effective wealth*, real and realizing satisfactions, or the aggregate of utilities which human labor, aided by the co-operation of natural agents, places within the reach of society. *Relative wealth*—that is to say,

the proportional share of each in the general riches, a share determined by value." "If we regard *products* with reference to their value, we have to do with a species of wealth which procures value to the society, and which I call the wealth of value. It is this last species of wealth which forms the special study of political economy."

JOHN STUART MILL ("Principles of Political Economy," 1848) says, "Writers on political economy profess to teach, or to investigate, the nature of wealth and the laws of its production and distribution." He says of the notion that money is synonymous with wealth, it is "so palpable an absurdity that the only difficulty . . . is to imagine how such a notion can ever have appeared credible." He sees that evidences of debt and slaves are not wealth, in the economic meaning, yet *wealth* he defines to be "all useful and agreeable things which possess exchange value; or, in other words, all useful and agreeable things except those which can be obtained, in the quantity desired, without labor or sacrifice." He includes skill and "natural or acquired powers of body or mind." He thinks that the definition of wealth as "instruments" is philosophically correct—"Thus a field is an instrument, it is the means of obtaining corn."

CARL MARX ("Das Kapital," last ed., 1873). Marx, like Proudhon, is not ranked by the schools as an "economist." In his work upon Capital he is not definite upon the limits of capital, apparently including land in the term. "In this work I have to examine the capitalist mode of production, and the conditions of production and exchange corresponding to that mode." "The *Wealth* of those societies in which the capitalist mode of production prevails presents itself as 'An immense accumulation of commodities,' its unit being a single commodity." Amid a vast verbiage difficult to comprehend I conclude that "Commodities" are things brought forth by human exertion and having value in exchange, which values vary in the ratio of the amount of labor required to produce them (4). Although "A commodity appears, at first sight, a very trivial thing and easily understood. . . . Its analysis shows that it is, in reality, a very queer thing, abounding in metaphysical subtleties and theological nice-

ties." Capital, according to Marx, is surplus value produced by labor and appropriated by money owners, in accord with the "Iron Law" of Lassalle.

J. R. McCULLOCH ("Principles of Political Economy," 1849) says, "Political economy is the science of the laws which regulate the production, accumulation, distribution and consumption of those articles or productions that are necessary, useful or agreeable to man, and which at the same time possess exchangeable value." Wealth consists of "those articles or productions which have exchangeable value, and are either necessary, useful or agreeable to man."

WILLIAM NASSAU SENIOR ("Outlines of Political Economy," 1850) calls political economy "the science which treats of the nature, the production and distribution of wealth. Wealth, all those things and those things only which are transferable, are limited in supply, and are directly or indirectly productive of pleasure or preventive of pain. . . . Health, strength and knowledge, and the other acquired powers of body and mind, appear to us to be articles of wealth."

PATRICK EDWARD DOVE ("Elements of Political Science," 1854) says, "It is the province of politics (an abstract science) to determine the laws and the natural theory of *property*, and to settle by axiom the principles on which the objects *existing in nature* should be rightfully distributed; and it is the province of political economy (an inductive science) to determine in whose possession the objects of nature are most beneficially placed." Politics, he says, "is related to political economy as geometry is to land-surveying" (37). Thus reversing the accepted notions of the two, but separating what the writers often combine. In an earlier book, "The Theory of Human Progression," 1850, in which he endeavors to show the injustice of private ownership of land and advocates the "Single Tax," these lines occur: "Political economy is now struggling to assume a position among the sciences," and so much has been done "that any day might see it transformed by the hand of some master, and presented to the world in the aspect of a teachable branch of knowledge, capable of application to the great problems of legislation."

AMASA WALKER ("Science of Wealth," 1866) says, "Political economy is the science of wealth, and professes to teach the laws by which the production and consumption of wealth are governed." Wealth consists of "all articles of value, and no other."

HORACE GREELEY ("Political Economy," 1869). Greeley, founder and editor of the *New York Tribune*, was principally a politician; but he was an admirer of Fourier and wrote the one book above. He gives no definition of political economy, but says that "the true end of political economy is the conversion of idlers and useless exchangers or traffickers into habitual effective producers of wealth." . . . "One of the chief waste-gates of human effort" is in the transportation across seas and continents of staples or fabrics that might be made at home. He makes the term "property" coterminous with "wealth." Treats land as capital or wealth. Thinks that the distinctions drawn between capital and wealth are illusory. "All products not consumed are capital or wealth." "Capital is the unconsumed and unwasted remainder of the fruits of industry," including land in "fruits of industry." Yet, contradictory as it is, he held, with Fourier, that land should be common property.

JAMES E. THOROLD ROGERS ("Manual of Political Economy," 1869) says, "The subject of a treatise on political economy is the services which men render to each other; but those services only on which a price can be put, and which are rendered in order that such a price may be put on them." He includes in wealth "skill and knowledge," and, without saying that land is wealth, treats it as wealth. But he makes no definition of wealth. Rogers once lost his chair at Oxford because of his "radicalism." In his "Six Centuries of Work and Wages" he is very severe upon landlords while apparently defending landlordism. In his manual, above, he devotes the last chapter, seventeen pages, to "Public Debts," in which he says that the real pledge for national debts is the *land* of each country. The people evidently are not bound, for they can go away; and capital is not bound, for it, too, can be moved away. But the chapter is very indeterminate.

W. STANLEY JEVONS ("The Theory of Political Economy," 1871) says, "The science of political economy rests upon a few notions of an apparently simple character. Utility, value, labor, land, capital, are the elements of the subject, and whoever has a thorough comprehension of their nature must possess, or be soon able to acquire, a knowledge of the whole science." *Wealth* is "what is (1) transferable, (2) limited in supply, (3) useful." "*Capital* . . . consists merely in the aggregate of those commodities which are required for sustaining laborers of any kind or class engaged in work." Commercial depressions, which have had so many attempted explanations from the professors, are by him thought to be associated with the periodicity of sun spots.*

JOHN E. CAIRNES ("Some Leading Principles of Political Economy, Newly Expounded," 1874). "Political economy," he says, "is the science which traces the phenomena of the production and distribution of wealth up to their causes in the principles of human nature, and the laws and events, physical, political and social, of the external world." *Wealth* he makes no attempt to define.

BONAMY PRICE ("Chapters in Practical Political Economy," 1878). The introductory chapter of thirty-one pages is headed, "Is Political Economy a Science?" and ends by leaving the reader in doubt both as to that and also as to his definition of wealth. "What is political economy? It is scarcely possible to put a more difficult question; . . . a precise answer to it will never be given." "*Wealth* is its subject, what it speaks of. But what is wealth? Here again

* A victim of sun spots—"A commercial traveller started out to call on a boot and shoe dealer in a town, but found the store closed and the man sitting across the street on a pile of lumber. 'Why, what does this mean?' asked the traveller. 'Vhell, dot sthore was glosed up,' was the reply. 'What has happened?' 'Vhell, I put a shattel mortgage on der sthock, und I assign to my brudder, und I gif a note und secure it for \$500, und I haf a fire und doan't get some insurance, und der Sheriff walk in und I walk oud, und I suppose it vhas vhat you galls a commercial depression.'"

As somebody said of cyclones and the scientists, we might say of commercial depressions and the economists—"that they know all about them except how to predict and how to avoid them."—MAKATO.

we have a question as hard and puzzling as ever." "But it will be said, Must we give up all hope of a scientific definition of wealth? We must."

EMILE DE LAVELEYE ("Political Economy," 1882) says, "*Political economy* may, therefore, be defined as the science which determines what laws men ought to adopt in order that they may with the least possible exertion procure the greatest abundance of things useful for the satisfaction of their wants, may distribute them justly and consume them rationally." *Wealth* is "everything which answers man's rational wants. A useful service and a useful object are equally wealth. . . . Wealth is what is good and useful—a good climate, well-kept roads, seas teeming with fish, are unquestionably wealth to a country, and yet they cannot be bought."

HENRY SIDGWICK ("Political Economy," 1883) says, "Political economy, in England at least, is now almost universally understood to be a study or inquiry concerned with the production, distribution and exchange of wealth." But he thinks it will be necessary to "substitute for wealth other terms of somewhat different denotations." Twenty-two pages are devoted to an attempted definition of wealth, and he leaves it apparently undetermined.

SIMON NEWCOMB ("Principles of Political Economy," 1886) says, "Political economy treats of human desires, and the laws and conditions of their gratification under the circumstances in which men actually find themselves." *Wealth* "in its widest sense designates all those things which men gain by labor and employ to gratify their desires." "That for the enjoyment of which people pay money. The skill, business ability or knowledge which enables their possessors to contribute to the enjoyment of others, including the talents of the actor, the ability of the man of business, the knowledge of the lawyer, and the skill of the physician, is to be considered wealth when we use the term in its most extended sense." He elaborates and illustrates this definition through four pages, expressly including dwellings, furniture, clothing, food, machinery, etc., and "all the lands and mines . . . to which labor has been applied to make them productive."

Vacant lands, lots, unopened mineral deposits, etc., are thus excluded.

J. LAWRENCE LAUGHLIN ("Elements of Political Economy," 1887) says, "Political economy attempts to show what the rules are that control the production, exchange and distribution of all the wealth which we see in the wonderful industrial system about us." He defines "*material wealth*" as something which satisfies a want; cannot be obtained without some sacrifice of exertion, and is transferable; but he also speaks of "*immaterial wealth*" without defining it. Although on page 25 he defines "labor" to include *all* human exertion in the production of wealth—"all labor, mental and physical, to be treated alike"—on page 6, under the head of "Wealth," he treats mental skilled labor as wealth, *immaterial wealth*, differing from *material wealth* in not being transferable.

FRANCIS A. WALKER ("Political Economy," 1888) says, "Political economy is the name of that body of knowledge that relates to wealth." All that it has to do is "to find out how wealth is produced, exchanged, distributed, and consumed." "The political economist is not to be influenced by any political, ethical or social considerations." "But what is wealth? Economists have found much difficulty in defining wealth; and not a few writers, especially of late, have chosen to abandon the word altogether." After pointing out difficulties, he says "Wealth comprises all articles of value, and nothing else."

As to the taxation of "rent," which the physiocrats of the last century argued should be the only tax, after giving an extract from each of two most eminent political economists, I add, by way of contrast, one from Walker:

ADAM SMITH (part ii., chap. ii., book v.) says, "Ground-rents are a still more proper subject of taxation than the rent of houses. . . . It would fall altogether upon the owner of the ground-rent, who acts always as a monopolist, and exacts the greatest rent that can be got for the use of his ground."

JOHN STUART MILL (book v., chap. ii.) writes, "Suppose that there is a kind of income which constantly tends to increase, without any exertion or sacrifice on the part of the owners,—these owners constituting a class in

the community whom the natural course of things progressively enriches consistently with complete passiveness on their own part. In such a case it would be no violation of the principles on which private property is grounded if the state should appropriate this increase of wealth, or part of it, as it arises. This would not properly be taking anything from anybody; it would merely be applying an accession of wealth, created by circumstances, to the benefit of society, instead of allowing it to become an unearned appendage to the riches of a particular class. Now this is actually the case with rent."

FRANCIS A. WALKER (after stating Henry George's proposition to abolish all taxes save that upon "rent") says, "So much for Mr. George's practical proposals. I will not insult my readers by discussing a project so steeped in infamy." (P. E., p. 419.)

VAN BUREN DENSLOW ("Principles of the Economic Philosophy of Society, Government, and Industry," 1888) says, "Political economy treats of the duties of government to the people as respects their social well-being, and the natural laws, principles and truths which apply to society as an organization that subsists by material means, growing as they are supplied and dying as they are withheld." Speaking of the professors of political economy he says, "They dismember it (political economy), and the fragments appear in the next edition of their own works contradicted and refuted by piecemeal. . . . So Adam Smith is modified by Ricardo, Ricardo by McCulloch, and all by Mill, Carey, Macleod and Jevons. In this discord the true science of political economy seems a dissolving vision. . . . If we include as economists all men who attract attention and followers, . . . political economy becomes an incongruous babel of conflicting oracles." He speaks of the "utter discord" in the definition of wealth. And his own six-page effort ends thus: "Those, therefore, who make wealth consist in exchangeable commodities grasp a quality which is an incident to wealth in a commercial period, which is partial and may be evanescent. Those who define it as power seize upon the element in which it is eternal."

RICHARD T. ELY ("Introduction to Political Economy," 1889) says, "We may define political economy, in its most general terms, as the science which treats of man as a member of economic society" (95). He uses the term "Utilities"

as synonymous with "*Wealth*." Production is the creation of utilities called economic goods, which are divided into free goods and economic goods. Air and water are *usually* free. Land in a new country is frequently a free good.

In his "Outlines of Economics," 1893, he says, "Economics may be defined as the science of those social phenomena to which the wealth-getting and wealth-using activity of man give rise" (1). "Production . . . means the creation of utilities by the application of man's mental and physical powers to the physical universe, which furnishes materials and forces. This application of man's powers is called labor. Those quantities of utility which result from labor are called economic goods; but not all economic goods are the result of labor. Economic goods have not been defined thus far, but they have been described as material good things." In these good goods he includes "man's original and acquired powers"—"This enables us to include in the definition both material and *immaterial* goods, like a person's technical skill acquired by labor, and often very productive." "Political economists have usually called economic goods '*wealth*.' This term is not wholly satisfactory, but is so convenient that the two terms can be used interchangeably in many cases."

HENRY D. MACLEOD ("Economics for Beginners," fifth edition, 1894). "*Economics*, the Science which treats of the principles and mechanism of Commerce in its widest extent; or it may be called the Science of *Exchanges*." Again, "Economics is the Science which treats of the laws which govern the relations of *exchangeable quantities*. It may also be called the Science of *Value*; it is also sometimes called the Science of *Wealth*" (20). "It is a . . . moral science, because its laws are based upon the *mores*—the $\eta \theta \eta$ —of men" (18). "*Wealth* is . . . anything which can be bought and sold, or exchanged, whatever its nature may be" (21). He enumerates:

1.—Material things, such as lands, houses, cattle, jewelry, etc., and things of that nature.

2.—Acquired knowledge or skill.

3.—Evidences of debts, shares, patents, etc. (23).

Wealth is nothing but exchangeable *rights*.

Mr. Macleod is of the Inner Temple, and fortifies himself

with Roman Law and the authority of Gaius, Ulpian, Papian, and other heavyweights of the olden time.

HENRY D. LLOYD ("Wealth *vs.* Commonwealth," 1894). Lloyd is a "socialist" and not an economist. However, he don't define wealth. "Liberty produces wealth and wealth destroys liberty." The opening sentence is—"Nature is rich ; but everywhere man, the heir of nature, is poor" (1). The closing words are, "Democracy is not a lie. There live in the body of the community the unexhausted virtue and the ever refreshed strength which can rise equal to any problem of progress. In the hope of tapping some reservoir of their powers of self-help, this story is told to the people." The book is a type of a host of social reform books, in assuming that what we see is the *natural outcome* of unrestrained liberty, in which no reform is suggested but restraint.

A. T. HADLEY ("Economics : An Account of the Relations between Private Property and Public Welfare," 1896). Commencing at page 1, headed "Preliminary Definitions," are twenty-five pages on "Public and Private Wealth, the Distinction," "Income and Capital," "Different Meanings of Capital," "Mercantiles and Physiocrats," "Modern Views of Money-making," "Economic Laws," "Individualism and Socialism," "Intellect *vs.* Emotions," "The Struggle for Existence," "Evolution of Human Society," "Economics and Ethics," "Historical Method of Inquiry." In these twenty-five pages (a limited field for so many definitions and so wide a discussion) the reader is supposed to learn, besides many other things, the scope of economics and the meaning of wealth. But I must say, to be just, that therein the devil himself, with all his cunning, let alone the immature students of Yale, would fail to find any definite notion of anything.

"This book," he says, "is an attempt to apply the methods of modern science to the problems of modern business." (Pref., iii.) So—it is not a treatise upon political economy at all. It is a treatise upon "business" which must necessarily deal with institutions and not principles ; and institutions not as they ought to be but as they are, and make the best of them.

"Wealth in its public sense consists of all means of enjoyment, whether they have a commercial value or not" (8). "Wealth in its private sense, better designated as property, consists in rights to parts of the public wealth" (8).

In contrast to Walker and others occurs this — "No economist of reputation . . . would . . . ignore the *ethical* aspects of an institution" (23).

MAFFEO PANTALEONI ("Pure Economics." Translated by T. Boston Bruce. London, 1898). "Economic science," he says, "consists of wealth systematically deduced from the hypothesis that men are actuated exclusively by the desire to realize the fullest possible satisfaction of their wants with the least possible individual sacrifice," or, more clearly, the science of values.

Economic science *consists* of wealth! "The wealth of an individual is the sum of the scarce or costly or valuable things possessed by him," and in eight pages he leaves the reader in doubt as to what he includes in the term. But he includes land, bonds, etc., by his definition. He devotes seven pages to "Wealth of a Group of Individuals or a Nation." Quite incomprehensible. One needs quinine; to him quinine is wealth. Another one don't need it; to him it is not wealth. But in estimating national wealth we include things not only *universally* desired, but things (commodities) that are useful to some, only, of a group of persons. In a foot-note he says: "The bibliography of the subject is very copious. It will suffice to indicate . . . to the student the following:" He names six works in German, French, and English. He emulates Marshall in his mathematics, and his illustrations, mostly geometric, are equally clear.

Most of these men, whose numerous "degrees" and titles, in order to economize space, I have omitted, are, or have been, occupants of chairs of political economy in the greatest of European and American universities.

But Tentearo Makato must stop. Of such contradictory and ridiculous writings there seems to be no end. And, not

wishing my veracity to be doubted, I have tried to omit the incredibly absurd. For though political economy has engrossed the attention of some of the most subtle and powerful intellects (three or four of whom I have quoted), by far the largest part of its literature is by men of small caliber and but poorly equipped.

As I contemplate the void through which I have passed, there comes to mind the banks of Newfoundland,—shallow and always befogged, where the passing barks, like the passing professors, are ringing their bells and blowing their horns, unable at times to avoid ruinous collisions, but, all alike, leaving no lasting impress upon the watery waste.

The numerous histories of political economy are really not properly histories, but critical essays, in which authors and schools are tested by that ideal standard,—the beliefs of the historian himself. How writers of such books can, in connection with political economy or economics, use the term “science” is hard to be understood, for no poet need go further in seeking a striking metaphor for chaos.*

Nearly all the writers, even those who fancy that they oppose Malthus, or who wrote before him, unconsciously, in their reasonings, accept his notions about population. For, in connection with low wages and want, they all speak of *overcrowded* lands, and emphatically so of Japan, although, while three-fourths of its surface has so far never been cultivated, great quantities of agricultural products, as silk, rice, tea, and so on, are exported. Besides, the amount of labor sometimes expended to get food for one rich man would produce plain food for five hundred of his brethren.†

There is a tendency, especially among recent writers, to resort to mathematical illustrations or proofs, usually in appended notes. Indefinite as to principles, in details they

* What is known of a subject only becomes a science when it is made a connected body of truth, in which the relation between the general principles and the details is definitely made out.—COMPTE—MILL.

† Inequality of *natural opportunity*, resulting in gross inequality in wealth, fosters mental and moral degradation, especially among the social extremes, and induces an incalculable waste that could never occur if wealth were justly distributed.—MAKATO.

apply algebraic formulas, impressive and occult, and assumed to be as scientifically unassailable as the proposition that 2 added to 2 make 4.*

Ah me! what a literature! How confused are these men! I am reminded of Mandeville's swelling and splendid Japanese vases—imposing without, but, within, nothing but cobwebs and dust!

Co-operation between *labor and capital* by many is urged as the remedy for the grievances of the working-classes. But the evil does not arise from any conflict between labor and capital. Co-operation in supply can only reduce the cost of exchange, and its effect would be the same as the improvements that have during this century so wonderfully facilitated exchange,—to increase "rent." Co-operation in production is but the method of the whaling service or of the metayer system in agriculture. If (by inciting the men to work harder) production is increased, its effect would be only in the direction of the steam-engine, cotton-gin, and so on,—that is, to increase rent.

That Godin's attempt in France, and others in England, have improved the condition of the workingmen concerned is due to the fact that these cases are isolated. Just as, in a country where few can write, the penman has an advantage that ceases when writing becomes general. Godin, a man of noble aspirations, in his book, "Social Solutions," says, "Wealth is composed of two elements,—the works of nature (land) and the labor of man (by the latter he means material things produced by labor from land). The first is inalienable, is given for the common use of all, and society cannot justly place any obstacle to the exercise of this right." Yet, like the professors, he includes land in the term "capital," and says that capital is equivalent to saved-up labor, and that its service in production is recognized by the payment of interest. "Distribution" is between labor, capital, and invention. Labor gets "wages," capital interest or rent, and invention gets prizes. *The remainder* is profits. He omits land in his arguments, saying, for example, "The questions touching the relations between capital and labor are becoming more and more urgent." Fourier, in the same way, bases his theory upon the association of "capital, labor, and skill," omitting land as a factor in production.

* Says Bonamy Price, the Oxford professor, in irritated tone, "So wild, indeed, has been this passion for scientific treatment, that political economy has been translated into mathematical formula."

"Mathematics will *never* yield you a premise, or supply your argument with facts; *far less* will it insure infallibility in your conclusions." (Italics mine.) From "The Study of Political Economy," by Luigi Cossa.—MAKATO.

The years spent in the study of the economics of the schools has not been in vain. Suspecting its futility at an early stage of my investigations, I did not labor, as do so many, to comprehend the incomprehensible and to reconcile the most absurd fallacies with exact reasoning till the intellectual faculties, becoming flaccid, cannot reason at all. By my familiarity with their contradictory doctrines I was at last made certain of this, that "wherever else I might find truth, I should not find it there." At this juncture I received from an American missionary at Tokyo a book, accompanied by a letter commending it, and urging that I should give time to its study. It was a work to which my attention had many times been called, and that attempted to solve the problem of the persistence of want amid advancing wealth—"Progress and Poverty," by Henry George. It was often mentioned in the press, and its adherents, called "single taxers," seemed to be gaining in numbers. George was not of the schools. His name on his title-page was garnished with the certifying brand of no college whatever. He had been mentioned at Yale, but always with strong dissent, and with less respect than Proudhon or Marx, as a socialistic, popular writer, whose absurdities could have no effect whatever upon men "scientifically trained." However, I found, later, that university curriculum, though it encourages physical athletics, discourages mental, and that it is possible for one to graduate with a noble physique and a contracted mind.

My predecessor, Teremoto, had been deeply impressed by Mr. George's writings, and had urged them upon me. But, still imbued with the prejudices of the universities, though I looked askance at their teachings, I looked still more askance at his. But I now determined to read them, and, as a great writer says, "In order to obtain a conception of any theory whatever, it is necessary to pass through the intermediate ways which have conducted the author himself to the results that he presents," I determined to read them slowly and studiously.

Mr. George, about 1870, coming to New York from San Francisco, where the greater accessibility of land afforded greater opportunity to labor, and there was as yet no bitter

poverty and distress, was so struck by "the squalid misery in the older and greater city that it appalled and tormented him, and would not let him rest for knowing what caused it and how it could be cured."

The preface, and especially the introductory chapter, called "The Problem," so unlike the dull, flat, bad English of recent professors, who spend so much time in smattering other tongues, to the neglect of their own, that they write nothing with elegance, carried me away. I soon found that he not only clearly defined his terms, but, in his reasonings, adhered strictly to his definitions. I found that he took nothing for granted, but brought "even accepted theories to the test of first principles, and, when they did not stand the test, freshly interrogated facts in the endeavor to discover their law." I had studied logic. Here was logic in action. In the formal science I could point out the valid syllogisms and knew the "fallacies" by heart. But it was only by this exactly applied logic that I was aroused really to think.

This man, who I believe to be the completest in thought and language that the world has seen, and his book the most precious ever given by man to men, concludes that the world (even more necessary to our existence than our own bodies are) is intended for *all men* of all generations, and not for *some men* alone. That every human being born into the world has a natural right in it equal to that of every other human being born into it. That as man by *his nature* seeks to gain his ends in the easiest way, some parts of the earth on which he can accomplish much become more desirable than other parts on which he can accomplish less. That this varying desirability, causing competition for the use of certain lands, shows itself in "rent," which is thus a *communal* product, and as clearly belongs to communities as the remainder of the produced wealth belongs to the individual producers. That it is as impolitic and unjust to take from the individual for the use of the community what has been produced by the individual as it is impolitic and unjust not to take for the use of all, or of the community, that which is produced in common by the community. That, in short, "rent" is the *natural*, God-intended fund for general public use. And that

in denying this moral law of equal rights to land there is brought about a pitiful inequality of true wealth, and a sordid struggle for existence, destructive of human freedom and eventually bringing progress to a halt. And that we are at last learning that in setting up "vested rights"—based whether on ancient force or ancient law—developed into modern custom—and denying this equality, we *rob* men and deny the *truly sacred* right of every man to the product of his labor; deny the sacred right of property in "wealth." And that in treating *private property in land* as sacred (worse than treating property in man as sacred) "there never was a more degrading abasement of the human mind before a fetich." But that, on the contrary, "by conforming our institutions to this divine law of justice we will bring about conditions in which human nature can develop its best; will permit such enormous production of wealth as we can now hardly conceive; will secure an equitable distribution; will solve the labor problem and dispel the darkening clouds now gathering over the horizon of European civilization. We will make undeserved poverty an unknown thing; will check the soul-destroying greed of gain, and will enable men to be at least as honest, as true, as considerate and high-minded as they would like to be. We will open to all, even the poorest, the comforts and refinements and opportunities of an advanced civilization; and we will thus, so we reverently believe, clear the way for the coming of that kingdom of right and justice, and consequently of abundance and peace and happiness, for which the Master told his disciples to pray and work."*

I now perceived that the French founders of political economy, Quesnay and his fellows, were nearer the truth than Adam Smith; and, as will be suggested by what has gone be-

* "The strength of 'Progress and Poverty' is not that it restated fundamental truths which others had before stated. It is that it related these truths to all other truths. That it shattered the elaborate structure that under the name of 'Political Economy' had been built up to hide them, and restoring what had, indeed, been a dismal science to its own proper symmetry, made it the science of hope and of faith."—Reply to charge of plagiarism.—HENRY GEORGE.

fore, that in the inability of the writers to define "wealth," the very object-noun or subject-matter of political economy, the term of first importance in the science, many really acute minds had wasted their energies in ineffectual gropings; for "until wealth is defined there can be no science of political economy. Until we know what wealth is, how is it possible to discover the laws of its production and distribution?"

Inasmuch as "capital" must, like all "wealth," be produced by labor from land, it follows that there are but two primary and *absolutely essential* factors in production,—labor and land; or, as we might say, laborers and land, or men and land. Now, some men, by conquest or in other ways, may be reduced to the private ownership of other men, and thus have a buying and selling value. This system is "chattel slavery." "But chattel slavery is only one of the means by which individuals become wealthy without increase in the general wealth." The surface of the world, "land," in the same way can be reduced to the private ownership of some men and have a buying and selling value. This system is "prædial slavery," even where the men, not being attached to and sold with any particular land, deem themselves free. The ultimate result of the latter form is apparently more fatal than the first. Under the chattel form the owners, if not by a sense of justice or personal affection, are by self-interest and public opinion impelled to maintain their slaves in a certain degree of comfort. In sickness they are nursed. If not employed, they are yet provided with shelter and food. In their old age they are cared for. But, with lapse of time, this form of slavery has always given way to the second, for the reason that the second becomes the cheapest. To the prædial slaves the fear of discharge is more effective than an overseer with a whip. No capital is "invested" in these men, nor any capital advanced to them. They do the advancing, as they first add to their employers' capital for a week or a month. When no employment offers they can call on no one for support, while the fierce competition among them "to get work" tends wages in the minimum of chattel slaves.

Thus for several centuries chattel slavery has disappeared in Europe, while in Egypt, India, China, Japan, much older civilizations, it disappeared long before. Yet in no countries are the working, wealth-producing masses reduced to so low a standard of comfort,—decidedly lower than that of the former negro slaves in America.*

Civilization, developing first along the Nile and the Euphrates, has from these original centres spread both eastward and westward. In India, Siam, China, and even in Japan, the continental limits were long ago reached, and private ownership has gone on to its ultimate results. In extending westward, the vast Mediterranean, indented with deep gulfs and bays, and with its innumerable islands and subsidiary seas so adapted to the navigation of early days, wonderfully favored intercommunication and interchange of arts and ideas. Later, when private ownership of land in the south had overthrown the liberties of the people, the freer populations of the north, taking up this declining civilization of the south, carried it to further heights; to the discovery of gunpowder, the compass, and to printing from types; thence on to the discovery of an occidental world, to steam navigation and the railway, making accessible vast stretches of land, tending, especially in this century of steam, to better the condition of labor that had sunk into serfdom, making it more intelligent, restless, dissatisfied, and hopeful. In the East, on the contrary, labor is at the very bottom. There is sto-

* Rent (restrained somewhat by other monopolies) “tends to absorb all the increased production which material progress gives, and which labor fails to obtain,” and with the development of labor-saving machines grows faster than population. When Philadelphia had 300 000 people, 55 years ago, no land, probably, would have sold for over \$1000 a foot front. In San Francisco to-day, with 300,000, there are long stretches on Market street worth \$4000 a foot front. In England farm land producing say twenty bushels of wheat per acre will rent for \$7.50. In Guernsey, where small holdings and close culture prevail, middling quality land rents for \$25. In Switzerland, another country of *petite culture* and large production, \$30 is an average rent per acre. (Cyc. Brit., vol. i., p. 413.) In cities the rent of *mercantile land* rises rapidly to hundreds and thousands of dollars per year per acre. In New York city, some land (as in Wall street) rents at the rate of \$500,00) per year per acre.—MAKATO.

lidity, calmness, resignation, despair. In Japan only, that from its insular structure permits greater freedom of movement and exchange, though the conditions are bad, labor still is cheerful.

Civilization seems to have developed not only from a union of contending tribes into nations, but from a union, to some degree at least in equality of opportunity, or community of land, and with time there develops a more absolute ownership, giving birth to great estates on one side, and a consequent landlessness on the other—unwonted power and unjustifiable poverty; whence comes dissension and decay.* “For a wrong, no matter how monstrous, once engrafted upon the social system, becomes inwoven with men’s notions of justice and of God. Jurisprudence, philosophy, and religion accommodate themselves to what thus seems to be the order of nature, and they who first raise their voices against the wrong must endure both the sneers of the powerful and the curses of the rabble.” Be looked upon by everybody as foolish and profane.

The greater part of our civil law springs from the necessity of adjusting progressing civilization to increasing inequality—effort to restore the social health without comprehending the disease and ignoring its cause.

The great truth that in the middle of last century was imperfectly presented by Quesnay and the Physiocrats, and at the close of the present, is shown to us in all its symmetry

* The “law of human progress” seems to be in dispute. Some assert that it is an *irresistible* onward march. The Spencerians call it an evolution, due to the “law of survival.” But, writes George, “over and over again art has declined, learning sunk, power waned, population become sparse, until the people who had built great temples and mighty cities, turned rivers and pierced mountains, cultivated the earth like a garden, and introduced the utmost refinement into the minute affairs of life, remained but a remnant of squalid barbarians, who had lost even the memory of what their ancestors had done, and regarded the surviving fragments of their grandeur as the work of genii, or of the mighty race before the flood.”

One recent writer, presumably an economist, endeavors to associate soap and civilization as cause and effect. The more soap, the more civilization.—MAKATO.

and beauty by Henry George: The great and simple truth that the rights of men to land are equal and inalienable "is obscured from our people partly by its very simplicity, though in greater part by widespread fallacies and erroneous habits of thought, which lead them to look in every direction but the right one for an explanation of the evils which oppress not only Japan, but oppress and threaten the civilized world."

"Property in land is as indefensible as property in man. It is so absurdly impolitic, so outrageously unjust, so flagrantly subversive of the true right of property, that it can only be instituted by force and maintained by confounding in the popular mind the distinction between property in land and property in things that are the result of labor. Once that distinction is made clear . . . private property in land is doomed."

"Here is the conclusion of the whole matter: That we should do unto others as we would have them do to us—that we should respect the rights of others as scrupulously as we would have our own rights respected, is not a mere counsel of perfection to individuals, but it is the law to which we must conform social institutions and national policy if we would secure the blessings of abundance and peace."

"Political economy is the simplest of the sciences. It is but the intellectual recognition, as related to social life, of laws which in their moral aspect men instinctively recognize, and which are embodied in the simple teachings of Him whom the common people heard gladly."

With these quotations from the great thinker, and heartily commending their truth, the Commissioner of Japan closes his preliminary report.

Respectfully submitted,

With the highest respect and esteem, by

Your Excellency's faithful servant,

TENTEARO MAKATO, *Commissioner*.

Accompanying my main report are copies of all of Henry George's books, and the commissioner respectfully suggests that a study of "Progress and Poverty" will be facilitated by a preparatory reading of his

"Land" question, or his "Social Problems." To all who will carefully take this course there will be opened to sight the grand possibilities of the future—the noble destiny of the human race.

The commissioner is well aware that if his report had been in accord with accepted beliefs he should have been at once hailed as an authority, a light. But that now, while even the radical "Fiji Shimpō" will extend no praise, M. Siki, in the conservative "Nichi Nichi Shimbun" of Tokyo, will, at first anyhow, denounce him as an anarchist, an enemy to mankind, the adoption of whose views would be fatal to Japan. Tentearo Makato will confidently and calmly await the subsidence of passion and the sober second thought of his countrymen, so many of whom have the spirit of the "siudosja;" and it will be well to remember that, while many a poisonous draught is savory, there is much truth in our old maxim that "good medicine is bitter in the mouth."

INTERLUDE.

Though the social constitution of Great and Greater Britain (Art. 1, Sec. 1), as everybody knows, permits anyone, without regard to race, color, or previous condition of servitude, to *express* an opinion, it at the same time declares that "full faith and credit" shall be given to no opinion not of the rich or positioned. I foresaw, therefore, that the citations I had gathered and commented on, if printed, the brochure, with my name on the title-page, was not likely to become a "stated text-book" in the schools, and indeed was not likely to attract attention anywhere—in schools or out. It would meet with no commendation from the professors, that was flat; and if read at all it must be by intelligent people free from their influence. But how engage their interest? The question of form became a serious one. The sponsorship of a club or of a supposititious learned society seemed insufficient. Ultimately I determined that it should have an official air, as being backed by a whole people. And of the peoples, there came to my mind in the wide world but one that is not, as a whole, too much incrustated by customs and conceit to make an official investigation seem credible—that great eastern people, whose opinions more and more win respect in the west, the open-minded people of Japan. In this way it happened that the inquiry assumed a Japanese garb.

Still I believed that the form would merely interest and not completely conceal; be translucent—not opaque. An opinion strengthened by my first correspondent, Frank D. Butler, of Chicago, who wrote, "Send me ten copies of *your* pamphlet; it is excellent." But trouble soon came to hand; the National Single Taxer asked for a portrait of Makato and a sketch of his career. Then Bolton Hall wrote, "It is undoubtedly clever and very much to the point, but in my opinion, the method of putting out false statements in order to secure a hearing are wrong, and therefore inexpedient. Whidden Graham and Ernest Crosby mistook your brochure for an account of facts. . . . I was myself misled, and was disgusted when a friend's question showed me that the whole thing was a fake." Though to this I made rather a

defiant reply, citing Jack the Giant Killer, Crusoe, and Jonah, I felt that I had been assaulted by friends, and was much disquieted.* Then Louis F. Post, in "The Public," mentioned it as possibly "a contribution to the literature of wit, and if so, deserving of high rank." This was pleasant. For in printing pamphlets one gets more kicks than halfpence, and becomes sensitively grateful for pats on the back.

Mr. Callingham, too, of Camden, spoke of it as "your invention." But these perceptions were again offset by Charles H. Ciliski, of Chicago, who, in ordering a quantity, wrote: "I believe that the pamphlet you have charge of is the most important that has ever been issued by any government in the history of the world." Then the Astor Library asked for copies. The Royal Society, the Bodleian Library, and The Royal Statistical Society sent acknowledgments. An Oxford professor, one of the governing body of that great university, sent his thanks, and said that he should read with greatest interest the views of a Japanese. Edward Wenning, of Cincinnati, wrote, "The pamphlet is excellent," and ordered more. To my great surprise the secretary of the Kansas Agricultural College wrote for fifty copies, and fifty more were ordered by a professor in the University of Cincinnati. Louis Prang, of Boston, used sixty copies, and wrote, "I think it one of the most capital propaganda prints that has come to my notice." Henry D. Macleod, the eminent economist, wrote for a copy, and wished for the complete report, even if in Japanese, informing me at the same time that his own Political Economy had been translated into that tongue. Dean Kitchin, of Durham, wrote a complimentary letter, but clearly recognizing the Japanese lacquer. John Richardson, J. P., of Lincoln, inquired if it was not a clever "socialistic pamphlet," and seemed to have read it with care. A branch of the Social Democratic Federation at Croydon wrote for twelve copies, apparently in no way deceived. "The Labor Annual," of Liverpool, mentioned it as "an exquisite skit."

* Mr. Hall some months later suggested that a new edition, with this appearance of misrepresentation corrected, would be a most valuable propaganda document.

A professor of political economy in one of the greatest universities of the northwest wrote a very interesting letter. "I remember the writer of the pamphlet when I was at Yale," he said, "and have read it very carefully." "I am impressed with the incentive to thought contained in the writing . . . but the examination which Mr. Makato has made seems to me superficial. If he had gone through sociology or psychology, he would have found the same disagreement."

Mr. Danziger, Secretary of the Ohio Single Tax League, remarked that "a skeptical friend had not been able to connect the author's name with the Japanese embassy;" while George Fowlds, of Auckland, New Zealand, to whom I had stated its true character, wrote, "I have been reading it with positive delight."

A knighted cabinet minister in one of England's greatest colonies wrote to obtain the address of the sender, in order that he might express to him his thanks. Upon receiving my explanation and apology, he again wrote, this time a most complimentary letter, ending, "I will never regret having studied carefully the pamphlet, and must frankly acknowledge that had it not been for the *pious fraud*, by means of which my sympathy was first enlisted, I should have lost a valuable opportunity for acquiring information on one of the subjects most interesting to mankind."

I had many other letters, but, with few exceptions, merely inquiries for the pamphlet,* or acknowledgments of its receipt. It was mentioned by a few newspapers in Great Britain—the *Weekly Times and Echo*, the *Clarion*, and *Justice*, of London, the *Newcastle Weekly Chronicle*, the *Manchester Guardian*, and perhaps more. In this country, the *Toronto Globe* and three or four others noticed it.

Recently I had two letters—one from John Paul, secretary of the Scotch Single Tax League, acknowledging the receipt of ten copies that he had asked for. He writes, "It is simply magnificent. Remember us, should a new edition be published." The other was from Professor Seligman, of

* I had requests for several hundred copies after the edition was exhausted.

Columbia University, New York City, who wrote, "On the inside cover of the pamphlet, entitled 'Japanese Notions of Political Economy,' the reader is referred to you. From further investigation I find, from one of my Japanese students, that the whole matter is a hoax, that there never was such a man as the writer, that there was no such commissioner appointed by Japan, that there were no such Secretaries of the Treasury in Japan as are mentioned in the report, and that the Japanese expressions used in the report are totally incorrect. I do not, however, wish to do any one an injustice; and before the review of the pamphlet, to be published in 'THE POLITICAL SCIENCE QUARTERLY,' giving substantially all these facts, appears, I address myself to you in the hope that, if we are mistaken about this, you will be able to set our doubts entirely at rest. It will be necessary to let me hear from you at very short notice.

"Very sincerely yours,

"EDWIN R. A. SELIGMAN."

To this, under date of June 7th, I replied thus:

In yours of June 6th, just at hand, relating to my economic brochure, you say, "I find, from one of my Japanese students, that the whole matter is a hoax." This evidently refers merely to a simple device to attract attention to the pamphlet, and to induce recipients to read it. But assuredly, the painting on the canvas is not to be condemned because the frame is imperfect.

Regarding labor in Japan—the statements have been derived from recent travellers and other authorities worthy of respect.

Regarding labor in England—there can be no dispute. Walker, in his Wages Question, is sufficient here.

Regarding writers upon political economy—every quotation I have made is, I think, exact to the letter.

"The whole matter a hoax!" My dear sir, nothing can be more sadly and solemnly true.

By resorting to the fallacy, "Ignoratio elenchi," you will not so much be doing injustice to me as injury to yourself.

Earnestly and sincerely yours,

JAMES LOVE.

The review of the pamphlet did not appear.

Thus, having found that the form has been more deceptive than was intended, in printing a new edition of the pamphlet, I tell all about it. Permitting Makato, Teremoto, and R. C. K., who have served a purpose in the world—now to melt into air.

Political economy, indeterminate in the past, is, as taught to-day, not only incoherent, contradictory, repellant, but totally without guiding principles. To this dictum, resting upon the quoted testimony of their own books, and which cannot be ignored, college teachers may find it harder to reply than to criticize the Japanese plan of presenting it.

“That thought on social questions is so confused and perplexed, that the aspirations of great bodies of men, deeply though vaguely conscious of injustice, are in all civilized countries being diverted to futile and dangerous remedies, is largely due to the fact that those who assume and are credited with superior knowledge of social and economic laws have devoted their powers, not to showing where the injustice lies, but to hiding it; not to clearing common thought, but to confusing it.”

“It is idle to quarrel with this fact, for it is of the nature of things, and is shown in the history of every great movement against social wrong, from that which startled the House of Have in the Roman world by its proclamation of the equal fatherhood of God and the equal brotherhood of men to that which in our own time broke the shackles of the chattel slave.

“But it is well to recognize it, that those who would know the truth on social and economic subjects may not blindly accept what at the time passes for authority, but may think for themselves.”—Henry George, in “Perplexed Philosopher.”

There now follows an appendix of more extended quotations. A collection of “elegant extracts” that may, I hope, prove to be both entertaining and thought-exciting.

APPENDIX.

Francis Amasa Walker, M.A., Ph.D., LL.D., formerly Professor of Political Economy and History, Sheffield Scientific School, Yale College; Chief of U. S. Bureau of Statistics; Superintendent of Ninth Census and Tenth Census; President of Boston Polytechnic School, etc.

In his "Political Economy" the chapter headed "Labor" opens thus (44): "The second great agent in the production of wealth is labor." Then follows eighteen pages of verbiage in which the term labor is not defined; but from the opening sentence, indicating that he includes *all* human exertion (the active *factor*) in the production of wealth, he shortly confines his thoughts not to the *factor*, but to the lower *manual laborers* only; heading his sections, "Relation of food to industrial efficiency," "Under-fed laborers," "The varying efficiency of labor," and so on.

Commencing on page 245 are two chapters each headed "Wages." He calls wages the remuneration of *labor*, yet he treats only of common, unskilled *laborers*, speaking constantly of the laboring class. Speaks of the immobility of labor in India and in other countries. Quotes Adam Smith, "Eighteenpence a day may be reckoned a common price for labor in London," etc. And though in his "Wages Question" he has said "Manual labor is the essential condition of all production of wealth. If manual labor is withdrawn land cannot yield rent, *money* interest, or business enterprise profits" (294); yet here in his scheme of distribution, labor, "the essential," that should be first, is placed last. Thus—From the whole product—First, Rent is to be deducted; Second, Interest; *Third*, Profits; the remainder is wages!

The one-sided, fierce competition among the peasantry of Belgium, Switzerland, France, which has driven men and women to lives of never-ending toil, he speaks of approvingly. "It is the fullness and the directness of this relation of labor to its reward which, without bell or whip, drives the

peasant proprietor afield, and 'from the rising of the lark to the lodging of the lamb' employs his every energy, directed by all his intelligence, towards the maximum of production with the minimum of loss and waste. Thus it is that Mr. Inglis describes the peasantry of Zurich: When I used to open my casement, between four and five in the morning, to look upon the lake and the distant Alps, I saw the laborer in the fields, and when I returned from my evening walk, long after sunset, as late perhaps as half-past eight, there was the laborer, mowing his grass or tying up his vines." It was in these countries, alas! that the peasant seer beheld and revealed to us—The man with the hoe.

Labor, the active factor in the production of wealth (land being the passive factor), is treated by Walker as he might treat machines or cattle; and wages, "labor cost," is merely the *expense* of maintaining laborers. "But, after all, the great bulk of the consumption of the working classes must be in coarse forms of agricultural produce, simply prepared" (W. Q., 99). "If in any country . . . laborers . . . become in excess of the demand, necessary wages (wages sufficient to keep the laborer alive) will not include a sufficiency of food and clothing for all these laborers, but only for those who are wanted." Necessary wages, he says, vary and are in accord with "the habitual standard there maintained" (W. Q., 173). He instances cases where they are so low that people become stunted, and there is horrible infant mortality (W. Q., 114). In India, Brassey says, "the laborer's food is two pounds of rice mixed with a little curry daily, costing about one shilling a week." "If we say that wages must be high enough to maintain the laboring classes in condition to labor, and to keep their numbers good, we should bear in mind the condition on which alone this is true, namely, that the employing class is itself kept good" (W. Q., 112). Here there seems to be but two "agencies" in production—laborers and employers—the latter being most essential.

"The wages class include all persons who are employed in production with a view to the profit of their employers" (W. Q., 217). How does this accord with the dictum that "labor is the active factor in *all* production?"

"Why does the laborer work? Clearly that he may eat. If he may eat without it, he will not work. Simple and obvious" (W. Q., 319).* "An increase of wages might, by increasing his labor power, increase the product, . . . under-feeding, whether of men or cattle, being admittedly false economy" (W. Q., 387).

Truth appears to Walker only by snatches. "Given these" (cheap food, free laws, and general education), "the native desires and aspirations of men will find objects enough on which to expend their labor which is released from the slavery of administering to the merely animal necessities of the body. I say 'slavery,' for that labor is only truly free which is exercised as the result of a choice" (L. Q., 127). "It is only as competition is perfect that the wages class have any security that they will receive the highest remuneration which the existing conditions of industry will permit" (W. Q., 363). This perfect competition is, I think, needed also for the highest returns to capital, the competition we now have being one-sided—labor and capital on one side, monopoly on the other. "Yet we discern in the fact that the wages class are dependent on others for the opportunity and the means to labor, not having, in their own right, possession of the agencies and instrumentalities of production, the possibility of deep and lasting detriment" (W. Q., 221).

"All capital," he says, "is the result of *saving*" (W. Q., 345). "We are to speak now of *interest*, the share of the *capitalist* in the production of industry." (The share of *capital* in *production*?) "The facts justify me . . . in embracing alike the proprietors of *land* and owners of other forms of *wealth* which may be used productively in one capital class" (W. Q., 224). He speaks of "the returns from capital invested in land" (W. Q., 234). This means, if it means anything, capital

* It appears, then, that men live solely to eat:—the poor—what they can get; the rich—pound cake with thick icing and ice cream; varied occasionally by roasted peacock, or fried goldfish. A real thinker (Adam Smith) has said, "When they (all men) are secure of enjoying the fruits of their industry, they *naturally* exert it to better their condition, and to acquire not only the necessities, but the *conveniences* and *elegancies* of life."

exchanged for land. The returns then would not be interest from capital, but *rent* from land. Such confusing expressions are frequent in all recent writers.

Walker seems to have a cloudy idea of the economic term distribution. "It does not follow . . . that because labor and capital perform parts which can be clearly distinguished in production, they will receive separate shares in the distribution of the product. That will depend on whether these functions are or are not united in the same persons" (W. Q., 7). "Let us take a small farmer . . . cultivating his own land. . . . The product here is not distributed *because it is all his*."——Now, "distribution" means the apportionment of the whole produce among the three *factors*, which may or may not be three different persons.*——In the above case, that part of the product that the farmer could have obtained by leasing his bare land is rent; the remainder would be his wages and interest—the part that he could have got by lending his capital (barns, orchards, cattle, implements), being interest, and the rest wages. The whole produce is "distributed" into rent, interest, and wages, as clearly as if three men owned each a separate factor.

In his "Political Economy," he says "the three primary agents in the production of wealth are Land, Labor, and Capital." Yet, with approval, he quotes from his father, Amasa Walker, "The parties to production are (1) The laborer. (2) The capitalist. (3) The employer or manager."

He says, "Webster's Dictionary gathers the American sense of the word Profits correctly in the following definition: 'The profit of the farmer and the manufacturer is the gain made by the sale of produce or manufactures, after

* Distribution in ordinary talk has several meanings—the printer is said to distribute type; railroads by *transporting* and merchants by *exchanging* are said to distribute goods; but the invariable economic meaning I have given above. The solemn "economic" habit of giving varied meanings to each term reminds one of the ludicrous puns of Hood, and some day, nearby I think, will be universally laughed at as "*facetiae*" as we laugh at this policeman's little joke:

Magistrate—Is this man charged with profanity?

Officer—He was, your honor, but I think most of it must have escaped him by this time.

deducting the value of the labor, materials, *rent*, and all expenses, together with the interest of the capital employed, whether *land*, machinery, buildings, instruments or money ' ' (W. Q., 232).

"The Great Law of Agricultural Production." "In any given condition of the art of agriculture, there is a limit to the amount of labor and of capital which can advantageously be employed or expended upon a given area of land."

———This is not the law alone of agriculture, but it is the law of all production of wealth. A space twenty feet square will suffice for a *village* wheelwright, while a whole block is needed for a *city* wagon factory. Beer can be brewed at home in a corner of the woodshed; Pabst's brewery in Milwaukee covers five blocks. Wealth consists of material things brought forth by labor, upon land, and that are *exchangeable*. Therefore by producing wealth in any form men produce food, for it is exchangeable for food.

He says, "From my own analysis of the doctrines of Malthus, I should say that he has reached three results:

"1. The power of population to increase faster than subsistence.

"2. The tendency so to increase.

"3. The urgent disposition of population so to increase, due to the power and persistence of the sexual instincts, under the force of which human reproduction will go forward in spite of the plain warnings of prudence, in spite of increasing discomfort, squalor, and hunger" (W. Q., 105). This discomfort, squalor, and hunger, however, don't come to all, as the theory would lead us to expect, but only to some. If there is not "wealth" enough to go round, so that suffering ensues, how is it that some get so much as to be wasteful, and whose horses and dogs never lack shelter or food, while human beings do?*

* The Malthusian theory is that some men have a better right to live than other men. Human beings are constantly entering the world for whom nature refuses to provide, and who "have not the slightest right to any share in the existing store of the necessities of life." As Emerson says, "Malthus finds no cover laid at nature's table for the laborer's son."

Alluding to the causes which place the wage-laborer at a disadvantage—"The first is the accidental fact of the superiority of numbers on the side of the employed. . . . In most countries the buyers of labor are few, the sellers of labor are many" (W. Q., 295). This statement he makes again and again, evidently assuming to be natural and unavoidable a condition (if one will but give it a *thought*) that is most unnatural and menacing.

He says the extension of water and steam power has made the labor of women useful in a thousand ways, for which their strength formerly was inadequate. This it is which has *driven* women into the labor market. "I have spoken of wife and daughter entering the market of labor as a necessity resulting from the social and industrial changes (steam and machinery) indicated" (W. Q., 380).

"That the land-owning class reaps a wholly unearned benefit at the expense of the general community seems to me indisputable" (ab'd P. E., 337). "The scheme for the assumption by the State of the unearned increment of land appears fatally defective. The Single Tax would be simply robbery"* (ab'd P. E., 339).—By following Mill, in calling rent "unearned increment," he deceives himself and his readers. Single taxers do not claim rent because it is an unearned increment; they insist that rent is an earned increment, earned by and sacredly belonging to the people, and that its present private appropriation is the robbery.

He says, "In the United States the landlord would only show a proper sense of his own interest in demanding all the rent a tenant could pay. And this unrestrained law of competition has had a wholly beneficial result" (P. E., 205).

* Carlyle, in "Past and Present," refers very pointedly to feudal days when "Soldiering, Police, and Judging, Church Extension, nay, real Government and Guidance . . . was done by Holders of Land in return for their Land. How much of it is now done by them? . . . We raise fifty-two millions, from the general mass of us, to get our government done,—or, alas, to get ourselves persuaded that it is done; and the 'peculiar burden of the land' is to pay, not all this, but to pay, as I learn, one twenty-fourth part of all this. Our first Chartist Parliament, or Oliver *Redivivus*, you would say, will know where to lay the new taxes of England!"

He overlooks the tenement-house evils of our great cities, and the sod houses on western plains. The trouble in Ireland he attributes to absenteeism, and to the sanguine improvidence and recklessness of the Irish people, and to their fecundity—"with a population at least fifty per cent. *beyond the capabilities of the soil to support,*" etc. Yet one of the chief *exports* of Ireland is food.

"Land *leased* for purposes of agriculture (in the U. S.) is highly exceptional" (P. E., 227). The census of 1890 showed that in several States one-third of the farmers were tenants, and that in all tenancy is increasing.

In his "Political Economy," edition of 1883, George is mentioned only in a foot-note on page 393, thus: "During the last few years a work entitled 'Progress and Poverty' has been published by Mr. Henry George of California, in which views on the land question even more audacious than those of Mr. Mill are presented. The work is eloquent and picturesque, but I cannot believe that it has met with any sincere responses in this country of small farms." But in the edition of 1887 he devotes fifteen pages to "Mr. Henry George's Crusade," written in a bitter and contemptuous spirit, and ending thus: "That such an argument should for a moment have imposed upon anybody, is enough to give one a new conception of the intellectual capacities of mankind."

"How about depreciating *property*?" he writes. "It is clear that the State, if it claims . . . all increase in value of *land* . . . is bound in equity to make good losses . . . from decrease . . . in value." "If he is not allowed to reap a gain from rising *rent*, he must be protected from loss by declining *rent*. Notwithstanding the large increase in the value of *real estate* during the past twenty years in . . . Boston, there are . . . sections where *houses* will not bring . . . near the price at the beginning of the period" (P. E., 416).

Such arguments as the above can be paralleled in nearly all recent writers. Now, a house comes into existence through the labor of man, and had a value at the beginning. But land existed "before man was," and its entire value, brought about by competition for its use, is an increment, for at the beginning it had none at all. Thus to talk about compen-

sating landlords for declining rents is absurd. In this short argument he uses as convertible terms "property," "land," "rent," "real estate," "houses"—five terms, no two of which express the same idea; indeed, they are wide apart in their meanings.

Property.—Includes anything that can be legally owned, whether valuable or not. As slaves, evidences of debt, old family letters, or your great-grandmother's worn-out slipper.

Land.—Means the universe, outside of man and man's works.

Rent.—"Is the share of the wealth produced which the exclusive right to the use of land gives to the owner of the land."

Real Estate.—Is land alone, or land and fixed improvements, as houses, orchards, fences, etc.

Houses.—Are altogether the product of labor, like coats or watches.

Although I think that any one of Professor Walker's books might, in its entirety, be offered as a specimen of confused reasoning and confused English, and that there are whole chapters, like XIII. and XIV. of *The Wages Question*, that no one can comprehend, yet for my purposes the extracts must be short.

An elementary rule of syntax requires that our ideas should be expressed in as few words as is consistent with clearness. The reason is obvious—redundant words not only tire and confuse the reader, but they tend to confuse the writer. I offer the following, picked out at random:

"Does any one say a reduction in the rate of interest would affect the disposition of the laborers to save out of their wages equally with the disposition of the capitalist or the employers to save out of their earnings? I answer, No, decidedly not" (W. Q., 236). 45 words, and a little rily. It is clarified thus: "Because of a reduction in the rate of interest, would laborers, like employers, be less disposed to accumulate 'wealth?'" Probably not. 21 words.

"And if a right distribution of the products of industry be important to secure the highest industry and zeal in future

production, then *incontestably*, in addition to all considerations of the iniquity of thus bleeding one class for the benefit of others, we have a strictly economic argument against the theory of the practical indifference of the present proportions of wages and profits" (W. Q., 239). 63 words. The thirty-seven italicised words might, with advantage, be omitted.

Speaking of co-operative stores—"These, of course, cannot affect the condition of industry materially. Labor here does not in any sense share in the production with capital" (W. Q., 272). 23 words. Improved thus—"These, of course, cannot materially affect labor, for it does not here share in production." 15 words.

"A combination of workmen is thus, in England, still to be held to examination in the light of the general principles of the law by which unreasonable restraint of trade is prohibited" (W. Q., 293). 32 words. Made over, it appears—"Thus in England combinations of workmen may come in conflict with that general principle of law which prohibits unreasonable restraints of trade." 22 words.

"Yet, though workmen are thus compensated through money payments, or, more frequently, by preference given them in reductions of force for the power they have acquired, through continuance in employment, of rendering a higher quality of service; in general, at least, there is strong reason to believe that they are not paid as much on this account as the considerations adduced would warrant" (W. Q., 301). 63 words. Recast thus—"Yet, though as capable of better work in the establishment, the older employees are usually preferred, and retained when the force is reduced, they do not, as a rule, get paid in accordance with their greater ability." 37 words.

"But we may go further and say that all this kind of reasoning in economics, which makes the employing or the capitalist class, in a state of imperfect competition, the guardians of the wages class, in such a way that it really does not matter whether the laborer gets all the wages he might, or even at any specified time gets any at all, because excessive profits will further enrich those other classes who hold their wealth as a sort of sacred trust for him, so that at another

time he will get all the more, if he gets less or nothing now—all this sort of reasoning is much to be distrusted" (W. Q., 239). 112 words. Made understandable in 42 words, thus: "The argument that small wages, or for a time no wages at all, will not ultimately injure laborers because the savings thus made by employers can only be used by them to give further employment, is an argument to be distrusted." 42 words.*

Luigi Cossa, Professor in the Royal University of Pavia. "An Introduction to the Study of Political Economy," translated by Louis Dyer, M.A., Baliol College, Oxford, 1893.

"Accordingly economics, or economic science, is not one branch of knowledge, but a group of several branches. . . . Among these . . . political economy is paramount . . . We will define it . . . as follows: Political economy is an ordered knowledge of the cause, the essence, and the rationale of the social system of wealth, viz., man's concern with wealth as a social factor to be grasped in its essence through its causes, its rationale, and in its relation to prosperity at large. Not wealth, which is but a complex and shifting sum of material goods, but man's business with wealth, is the subject-matter of political economy. This business it views from a special point, that of the common weal." The whole chapter of five pages is an attempt to gild this bit of gold.

His work is divided into a Theoretical Part of 100 pp., and a Historical Part of 439 pp., in which twenty-three hundred authors are mentioned by name, besides outlying hosts alluded to as "and others." It is here seen that the widest differences of opinion prevail, and it would be hard indeed to find any principle or detail of the "science" upheld by some that is not controverted by others, and really compelling the terms of praise and approbation that abound. Thus

* As a contrast to this scholastic loquacity, note the explicit conciseness of a boy's composition. Manager Hall, of the Union Square Theatre, advertised for an office boy. The youth who got the place applied for it in these terms:

"I'm twelve years old and im a orfan. I haint got no father and I haint got no mother. Im a boy. I haint got no brother and I haint got nothin. Im all alone and I got to hustle. Beats h—ll how hard times is."

the writers are all "erudite, acute, sagacious, masterly, illustrious, learned, clear, subtle, vigorous, expert, eminent;" are "worthy successors," possess "native gifts," "rare qualities;" are "powerful teachers," "gifted writers," or "have been warmly and justly praised," etc.

He devotes two pages to Henry George, commencing: "Everybody knows of Henry George, but nobody is inclined to accept another's opinion about him," and ending "His evidently sincere conviction, his telling picture of the economic conditions of new countries, particularly California, the vivacity of his style, illuminated as it often is by the most felicitous imagery, are quite enough to account for the phenomenal success of 'Progress and Poverty,' a book which nevertheless abounds in contradictions which take your breath away, and is crammed with errors of fact and false or inconclusive arguments that betray upon every page the utter absence of sound scientific training." None of these "contradictions," "errors of fact" and "false arguments," however, are either quoted or pointed out.

In the theoretical part he fails to define either "wealth," "land," "labor," or "capital," and closes thus: "I think it reasonable to conclude that the objections made to economics by extremists, empiricists, doctrinaires, individualists, socialists, reactionaries, utopians, and all the rest of them, may be looked upon as so many indirect arguments proving the theoretic and practical usefulness of its teachings."

W. H. Mallock, "Property and Progress," London, 1884. Originally printed in the *Quarterly Review*.*

Opening words: "There has been a strong disposition among certain English critics to regard Mr. George as though he were nothing more than a charlatan, and to think . . . that a passing sneer will dispose of him. In both of these views we consider them wholly wrong."

* Mr. Mallock is not a professional economist, but his book has been made much of by them, and many, like Pantaleoni, affect to think it conclusive.

On page 5 I find this: "No classes are so dangerous, at once to themselves and to others, as those which have learned to reason, but not to reason rightly. They are able to recognize the full importance of arguments, but not to distinguish a false argument from a true one."

"Mr. George's book is full of this kind of contagion—a ploughman might snore, or a country gentleman smile over it; but it is well calculated to turn the head of an artisan" (5).

Although he has said that critics are wholly wrong in attempting to dispose of Henry George by a passing sneer, his own attempt is little more. It was a single magazine article. It speaks of his theory of population "being refuted by his own admissions;" "Founded on an absolute ignorance;" "His whole theory confuted by a comparison with facts;" "His theories, tested, have brought misery to the people;" "Falsity of his scheme further exposed;" "His grotesque notion of rent;" "Folly of Mr. George's scheme;" "His self-conceit is inordinate;" "His temper petulant;" "Such, then, is the wretched tissue of falsehoods which form the integral part of Mr. George's book."

After the preceding, what meaning can he attach to these? "Grave as his errors are, they are the errors of a vigorous thinker" (2). "It is not the poor, it is not the seditious only, who have been affected by Mr. George's doctrines. They have received a welcome . . . amongst certain sections of the really instructed classes. They have been gravely listened to by a conclave of English clergymen. Scotch ministers and non-conformist professors . . . have received them with marked approval; they have even held meetings and given lectures to disseminate them. Finally, certain trained economic thinkers, or men who pass for such, in at least one of our universities, are reported to have said that they see no means of refuting them, and that they probably mark the beginning of a new political epoch" (5).

Progress and Poverty, he says, is remarkable for one special proposal—that for the "indiscriminate plunder of all landed proprietors. We say *plunder*, and we use the word

advisedly."*——But there is the other side to the controversy. "Land," George with unerring logic assures us, "in itself has no value. Value only arises from human labor. It is not until the ownership of land becomes equivalent to the ownership of laborers that any value attaches to it." And from the belief that the land will ultimately be so equivalent, speculative value arises. Thus the term "indiscriminate plunder" applies to the present system of taxation, which "can no more be justified than highway robbery or burglary, and is even worse, because practiced by the State."

J. Laurence Laughlin, Ph.D., formerly of Harvard, now Professor of Political Economy in the University of Chicago, — "Elements of Political Economy," N. Y., 1888.

"Notwithstanding that in our schools we so neglect mental training, politico-economic reasoning is being more and more applied to political problems. The advance of our civilization depends upon a political economy so simplified and clearly presented as to compel its acceptance by even unlettered men. Such a political economy I here attempt." 53 words.

The above is my translation of Mr. Laughlin's English. But professors of current economics, having generally been trained to vagueness, and to revel in obscurity, are nothing if not diffuse. So Mr. Laughlin puts it this way, using 139 words.——"The public questions of our day in the United States are deeply affected by economic considerations, and yet the training of mind adequate for an intelligent decision upon economic problems has been very slight. No one who looks into the future can escape the conviction that our national prosperity will depend in no slight degree upon the

* "If a man will cast aside the prejudices of birth and party; if he will set himself free from the blind guidance of lawyers, he will soon learn how very modern indeed is the antiquity of the Tory. . . . The two grand idols of lawyers, the king and the lord of the manor, are soon found to be something which has not been from eternity, but something which has crept in unawares; something which has swallowed up the rights and the lands which once belonged to the people."

—Prof. EDWARD A. FREEMAN.

diffusion of satisfactory economic and political education. There is good reason to suppose that public questions and the economic principles which underlie them can, if properly presented, be understood by the average American youth, whose education is restricted to the high school or the academy, and it is the youth of the present who are to give direction to our national policy. This book addresses itself to the task of presenting in a plain and simple form the elementary principles of political economy." (Preface, p. vii). *

"*Material Wealth* . . . is some transferable thing, for the enjoyment of which we are willing to undergo a sacrifice" (5).

Labor (25). With much elaborate verbiage he defines "labor" to be *all* human exertion in the production of wealth;—"All labor, *mental* and physical, to be treated alike." But on page 6, under the heading "Wealth," he treats mental labor, skilled labor, as immaterial *wealth*, differing from material wealth in not being transferable. Again, after defining labor to be *all* human exertion in the production of wealth, he soon drops into the general habit and thinks of "labor" as including no exertion but that of common unskilled men, or mechanics, who are hired and paid by the day; men, according to the "economists," who *naturally* often lose their jobs, or, having their wages cut, strike and riot; men who breed too fast, get drunk, and who are *naturally* and therefore necessarily poor.

"Under the term 'natural agents' are included not merely land, but minerals under the surface, water-power, and similar gifts of nature. . . . The raw materials of every industry come from the soil in one form or another. . . . But, generally speaking, the greatest source of all products is land. . . . Therefore we shall speak mainly of land in discussing natural agents" (17 and 18). Here is a wonderful distinction of "Natural Agents," "Land," "Minerals under the Surface," "Water-power," "The soil" and "Raw materials." No The-

* Mr. Laughlin's style, monotonous to a degree, is that of economists generally. A style of consequential, condescending gravity. And "gravity," says Rochefoucauld, "is a mystery of the body (or language) invented to conceal the defects of the understanding."

seus following a thread of Ariadne could escape from this labyrinth. It would seem to baffle the gods.

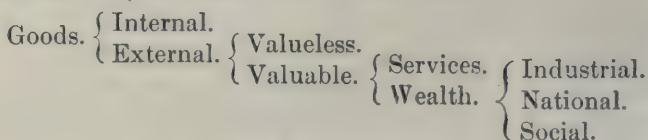
"The amount of wealth produced in a country . . . will depend upon the following causes: . . . One of the influences is the *ownership of land*, or, as it is sometimes called, '*peasant proprietorship*'. . . . When a man owns his own *land*, he is working for himself. . . . When a man only leases his *house and land* he does not take the same care with *buildings and improvements*. . . . The magic of *property* turns sand into gold" (47 and 48). Here again we have confusion springing from the interchangeable use of terms widely different in meaning—"Ownership of land," "Peasant proprietorship," "Land," "House and land," "Buildings and improvements," and "Property."

His system (all borrowed) derives wages from capital, and asserts that no more laborers can be employed than there is capital to employ them; treats the "law of diminishing returns" as applying only to agriculture; and upholds the "Malthusian theory" that men naturally tend to increase faster than the food supply. An illogical, evil-minded system, that might well lead any thoughtful man to atheism. However, he seems to think otherwise, for he says—"It is a wrong assumption that political economy is pitiless. On the contrary, its axioms are but another form of the 'Golden Rule.' Thus, I treat the labor problem as one not to be solved by legislation, but by the application of Christ's teachings." 44 words. Only, he puts it in 105 words, thus—"With the assumption that political economy is inhuman and pitiless, the reader will find no sympathy in these pages, because such a belief is founded on an inadequate understanding of what the principles of a science really are, and principles cannot be regarded as having personal qualities. On the contrary, it seems clear that the fundamental principles of economics are, when ultimately analyzed, but expressions of Christian truth. With this conviction, the 'labor problem' has been here treated, not as a question to be settled by legislation, but as one to be met by all the forces which make for Christian *character* and *self-mastery*." (Pref., viii.)

Herbert Joseph Davenport. "Outlines of Economic Theory." N. Y., 1896.

"Sociology may be broadly, though perhaps not very precisely, defined as a study of man as a social being. Political economy is a field of investigation inside sociology, and may be stated to be a study of man in his commercial and industrial activities. This definition will not be found greatly helpful if attempt is made to apply it. The chemistry of farming or the mechanics of weaving hardly fall within the field of economic investigation. But it is the murrain of definitions that, in about the degree that they get helpful and mentally tangible, they get inaccurate" (1).

Three chapters are devoted to "Utility and Wealth," the third commencing thus: "The student has probably remarked that the term 'wealth' stands for no very definite or accurate concept." He ends with a diagram of wealth somewhat like, and no doubt suggested by, Marshall's:



John Rae, M.A., "Contemporary Socialism." London, 1885.

In dealing with Lassalle, Marx, and the "Socialists of the chair," he shows socialistic leanings, is explanatory and sympathetic; but when he comes to "Henry George" his manner changes to opposition. "Mr. George has absolutely no conception of the amount of capital necessary to carry on the work of industry" (418).

"Mr. George laughs at the idea of increasing population causing a lack of food" (428).

"Mr. George's argument rests upon another very curious fallacy" (431).

"From all these remarkable misconceptions of the working of rent" (433).

"Mr. George confounds the margin of cultivation with the margin of appropriation" (431).

“Putting up land to auction will not,” etc. (441).

“What Mr. George fails to perceive is that agricultural land is in no sense a mere gift of God” (426).

The closing words of his book are—“State ownership by itself is no better guarantee than private ownership by itself for the most productive possible use of land; indeed, if we judge from the experience of countries where it is practiced it is a much worse one; but by universal consent the best and surest of all guarantees for the highest utilization of the land is in private ownership, coupled with occupation by the owner” (455).

What is most essential to *human happiness* is not “the highest utilization of the land,” but a *just distribution* of the wealth that labor brings forth on it. And as for the highest utilization, give a man full security that all he produces shall sacredly be his own—the magic of such security will “turn sand into gold.”

Karl Marx. (“Capital.” English Ed. N. Y., 1886.)

“‘Capital’ has been called the Bible of the social democrats, and it deserves its name. It defends their doctrines with acuteness of understanding and profundity of learning, and certainly ranks among the ablest politico-economic treatises ever written.” So writes Prof. Richard T. Ely.

(Pref., xi.) “In this work I have to examine the *capitalistic* mode of production, and the conditions of production and exchange corresponding to that mode. Up to the present time their classic ground is England.” He speaks of this form of production as “working with iron necessity towards inevitable results.”

“The utility of a thing makes its use-value.”

“If we leave out of consideration the use-value of commodities, they have only one common property left, that of being produced by labor.”

“As a matter of history, capital, as opposed to landed property, invariably takes the form, at first, of money.” Capital, according to Marx, is the *surplus* value produced by laborers and appropriated by money owners, the laborer receiving enough to support him; the balance becomes capital

in the hands of the moneyer. "Capital is an impossibility so long as equivalents are exchanged; . . . it can only have its origin in the twofold advantage gained, over both the selling and buying producers, by the merchant who parasitically shoves himself in between them."—"The constant tendency of capital is to force the cost of labor back towards zero,"—just sufficient for support. (Lassalle's Iron Law.)

"By labor-power . . . is to be understood the aggregate of those mental and physical capabilities existing in a human being which he exercises whenever he produces use-value of any description" (90).

"In order that the owners of money may be able to find labor-power offered for sale as a commodity," the laborer must, *First*, be the untrammelled owner of his own person. *Second*, he must not have commodities, but only labor to sell (91). "In order that a man may be able to sell commodities other than labor-power, he must . . . have the means of production, as raw material, implements, etc. No boots can be made without leather. He requires also the means of subsistence" (9).

The relation of wealth and poverty, however, he says, has no natural basis. "It is . . . the result of past historical development, the product of many economic revolutions, of the extinction of a whole series of other forms of social production" (91.)

The difficulty he finds in disentangling the ideas "wealth" and "capital" from the idea "land" is apparent from the beginning, as in this: "All those things which labor, merely separates from immediate connection with their environment, are subjects of labor spontaneously provided by Nature. Such are fish we catch, . . . timber which we fell, . . . and ores which we extract. If, on the other hand, the subject of labor has, so to say, been filtered through previous labor, we call it raw material, such as ore already extracted and ready for washing" (98). He argues that "interest" is merely robbery.

"Capital is dead labor, that, vampire-like, only lives by sucking living labor, and lives the more labor it sucks" (134).

"Whenever a part of society possesses the monopoly of

the means of production, the laborer, free or not free, must add to the working-time necessary to his own maintenance an extra working-time, in order to produce the means of subsistence for the owners of the means of production, whether this proprietor be . . . American slave owner . . . or modern landlord or capitalist " (136). A single taxer would say, to this, *one absolutely essential* "means of production" is land. Given labor and land—and *all* wealth, including *all* capital develops, to be equitably distributed *only* when rent is made common property.

Machinery, he says, adds only to "surplus value," which all goes to the "capitalist." "The wealth of those societies in which the capitalistic mode of production prevails presents itself in an immense accumulation of commodities, its unit being a single commodity" (1). Amid a vast verbiage difficult to comprehend, I conclude that commodities are things brought forth by human exertion, and having values in exchange, which values vary in the ratio of the amount of labor required to produce them ("Wealth").

"Whoever directly satisfies his wants with the produce of his own labor creates, indeed, use-values, but not commodities. In order to produce the latter, he must not only produce use-values, but use-values for others—social use-values." He says, "This point is the pivot on which a clear comprehension of political economy turns" (5). "A commodity appears at first sight a very trivial thing, and easily understood. Its analysis shows that it is, in reality, a very queer thing, abounding in metaphysical subtleties and theological niceties" (26).

"We have seen how money is changed into capital; how, through capital, surplus-value is made, and from surplus-value more capital. But the accumulation of capital presupposes surplus-value; surplus-value presupposes capitalistic production; capitalistic production presupposes the pre-existence of considerable masses of capital and labor-power in the hands of producers of commodities. The whole movement, therefore, seems to turn in a vicious circle" (455).

"As soon as the question of property crops up in actual

history, it is notorious that conquest, enslavement, robbery, murder—briefly, force—play the great part ” (455).

“ The capitalist system presupposes the complete separation of the laborers from all property in the means by which they can realize their labor ” (456).

“ The so-called primitive accumulation . . . is nothing else than the historical process of divorcing the producer from the means of production ” (456).

He refers to the substitution of taxes on the working-masses for the feudal payments from landlords at “ the restoration,” and the sinking of agricultural laborers to serfdom as inclosures went on (46). “ By the nineteenth century the very memory of the connection between the agricultural laborer and the communal property had of course vanished ” (465). He speaks of “ the proletariat created by the . . . forcible expropriation of the people from the soil ” (468). “ The expropriation of the masses of the people from the soil forms the basis of the capitalistic mode of production ” (490).

He sees all through, indistinctly, that private land monopoly is the basic social evil, but, from indefiniteness of terms, falls into the current errors.* The closing words of the book are, “ The capitalist mode of production and accumulation, and therefore capitalist private property, have for their fundamental condition the annihilation of self-earned private property ; in other words, the expropriation of the laborer ” (494).

Throughout these extracts the reader will see that, like the professors, Marx gives to his terms—capital, capitalistic, value, surplus-value, commodities, “ means of production,” “ means of subsistence,” “ means by which he can realize his labor,” interest, property—indefinite and vacillating meanings. Yet, as all logicians point out, it is only by exact-

* Like Locke, Blackstone, Say, Ricardo, Carlyle, Mill, Comte, Ruskin, Spencer, Dove, and many other thinkers, he fairly faces a great truth without seeing fully its relations. “ Why are the Socialists of to-day so hostile to capital? It is for no other reason than that they confuse, with what is really capital, legalized wrongs which enable the few to rob the many by appropriating the products of labor and demanding a blackmail for the use of the opportunity to labor.”

ness of definition—by always giving the same meaning to the term we use—that we can hope to arrive at truth.

John Stuart Mill.

In order to present a fair picture of current economics, I quote mainly from writers of the day. To these men, Mill—though himself working in the dusk—is greatly superior. He, like Marx, saw that great social wrongs exist. He saw that, in some way that he could not explain, they were, partly at least, associated with the private appropriation of rent. But, the notion that over-population is mainly responsible for social troubles; the notion that labor is secondary and capital the prime factor in the production of wealth; the notion that no more laborers can be employed than there is capital to employ them—these notions kept him groping all his life. Thus he could not give a logical definition of wealth—for it included not only things having exchange value produced by labor on land, but also the land itself; not only the valuable products of labor, but also the valuable legal power to rob labor of its products, for it included slaves and land.

In the matter of distribution he fell into the current confusion. "The *three* requisites of production . . . are labor, capital, and land. *No other factor* obtains any share of the produce except by concession from them." Yet he makes *four* apportionments, to wit: rent, wages, interest and profits. The gain of capital altogether apart from the labor of the capitalist, "as everybody knows, is called interest." "But if he embarks in business on his own account, he always exposes his capital to danger . . . of . . . loss." "He must likewise be remunerated for the devotion of his time and labor." (Book ii., Chap. xv.) Thus "interest," "compensation for risk" (which can have no place when *all* business is considered) and "wages" are thrown together under the name of "profits."

"I doubt not," writes Henry George, "that there are thousands of men who have vainly puzzled their brains over this confusion of terms and abandoned the effort in despair, think-

ing that, as the fault could not be in such great thinkers, it must be in their own stupidity."

From his posthumous work, entitled "Socialism," I make a few short quotations that are hardly in accord with his Political Economy :

"The discussion that is now required is one that must go down to the very first principles of existing society. The fundamental doctrines which were assumed as incontestable by former generations are now put again on their trial."

"The condition of numbers in civilized Europe, and even in England and France, is more wretched than that of most tribes of savages who are known to us."*

"To assert, as a mitigation of the evil, that those who suffer are the weaker members of the community, morally or physically, is to add insult to misfortune. Is weakness a justification of suffering?"

"If persons are helped in their worldly career by their virtues, so are they, and perhaps quite as often, by their vices."

"The reward, instead of being proportioned to the labor and abstinence of the individual, is almost in an inverse ratio to it: those who receive the least, labor and abstain the most."

Alfred Marshall, Professor of Political Economy in the University of Cambridge. "Principles of Economics," 1891.

Cossa, in his history, introduces him thus : "And now at last the first English name in contemporary economic thought shall be recorded. If a survey of the whole field be taken by long and by short, the first name in it is, beyond all question, that of Alfred Marshall. . . . Alike as a teacher and writer . . . he has . . . an acute mind, a many sided and a well-digested familiarity with economic theories. . . . His point of view is at once comprehensive and accurate," etc. However, he says : "There are defects . . . both of style and of thought which disqualify it (his Economics) for the use of more than a small number of readers——others will fail to follow its subtleties."

* In their normal state, primitive peoples ("savages," as we say) respect each other's rights and need no police. Whereas, New York City spent (in 1893) \$4,000,000 on its police, against only \$3,400,000 on its schools.—*Christian Union*.

To Marshall, as to nearly all the writers, "Land" is not "the great globe itself, with all that it inherits"—the field from which all wealth is produced. To him the term suggests but Hodge and cart-horses, plows, fields of clover and turnips, meadows where cattle graze and hillsides where sheep browse; with manor houses here and there, or lordly castles, the law-secured retreats of landlords, righteously compelling and appropriating the last penny of rent. Thus, Chapter ii., Book iv., "The Fertility of Land" reads like, and is better suited for, a treatise on agriculture. "To the agriculturist an acre of land is the means of supporting a certain amount of vegetables, and perhaps ultimately of animal life. For this purpose the soil must have certain mechanical and chemical qualities. Mechanically, it must be so far yielding that the fine roots of plants can push their way freely into it, and yet it must be firm enough to give them a good hold. It must not err, as some sandy soils do, by affording water too free a passage, for then it will often be dry, and the plant-food will be washed away almost as soon as it is formed in the soil or put in it. Nor must it err as stiff clays do," etc., on, on.—— One foot-note contains 33 lines of fine type—460 or more words—commencing "Farmyard manure contains everything that plant-life wants, but in unequal proportions. It has the advantage," etc., etc.

As to his style all except "economists" can see its childish elaboration, leaving nothing to the reader's intelligence. Verbose to the last degree. Plodding like Hodge. Prosing on as the fallen spirits, with eternity before them, did in Milton's hell.

From the same chapter: "While man has no power of creating matter, he creates utilities by putting things into a useful form. . . . But there are other utilities over the supply of which he has no control; they are given as a fixed quantity by nature, and have therefore no supply price. The term 'land' has been extended by economists so as to include the permanent sources of these utilities, whether they are found in land, as the term is commonly used, or in the seas and rivers, in sunshine and rain, in winds and waterfalls" (9 pages, with 10 elaborate foot-notes). The pages are

capped with "Mechanical and chemical conditions of fertility." "Man's action on the soil." "Original and artificial properties in land." "The domestication of plants and animals." The Index reads, "Book iv., Production or supply." Chap. ii., "The fertility of land." Sec. 1. The notion that land is a free gift of nature while the produce of land is due to man's work is not strictly accurate: but there is a truth underlying.* Sec. 2. Mechanical and chemical conditions of fertility. Sec. 3. Man's power of altering the character of the soil. Sec. 4. The original qualities count for more, and the artificial for less, in some cases than in others. In any case the extra return to additional capital and labor diminishes sooner or later.

These extracts from Marshall will remind you of those pigeons called pouters—very ordinary-looking birds, indeed, till they swell out their crops and strut about as big as two pigeons; but the expansion is all wind:

"The conditions of industry change so fast that long experience is, in some trades, almost a disadvantage, and in many it is of far less value than a quickness in taking hold of new ideas and adapting one's habits to new conditions. In those trades an elderly man finds it difficult to get employment except when trade is brisk—at all events, if he is a member of a union which will not allow him to work for less than the full wages of the district. In any case he is likely to earn less after he is fifty years old than before he is thirty; and the knowledge of this is tempting artisans to follow the example of unskilled laborers, whose natural inclination to marry early has always been encouraged by the desire that their family expenses may begin to fall off before their own wages begin to shrink" (727). 150 words.

This whole passage might be omitted, of course, as its essence, like the offspring of Æsop's mountain in labor, is too insignificant to be missed. But any ordinary writer would put it somewhat in this way: "*There has been such*

* Thus does "Economics" collide with Genesis, Reason, and Lyell. That in the beginning God created the heaven and the earth "is not strictly accurate; but there is a truth underlying."

rapid improvement in the arts that young workmen, being taught the new ways, have an advantage over the older men. Workmen are likely to earn less after they are fifty than they could before. Thus they marry early in order that, before their own wages sink, their children may be self-supporting." 56 words. The words italicised, containing all that is essential, are but 24!

"We may define *Labor* as any exertion of mind or body undergone, partly or wholly, with a view to some good other than the pleasure derived directly from the work." A footnote to this of 140 words. This definition is embedded in the verbiage of four pages, with four elaborate foot-notes. The whole leaves the reader in doubt as to the meaning of "Labor."

"The term 'Capital' has many widely divergent uses, both in the language of the market-place and in the writings of the economists. There is no part of economics in which the temptation is so strong to invent a completely new set of technical terms," etc. (126). "Adam Smith said that a 'person's capital is that part of the stock (wealth?) from which he expects to derive an income.' . . . This we may slightly modify, and say that INDIVIDUAL CAPITAL is that portion of a person's external goods by which he obtains his livelihood (*Erwerbsmittel*)." The Index (Capital, Chap. v.) reads: "Sec. 1. The term *capital* has many different uses. *Individual capital* includes *Trade capital*. Sec. 2. Two attributes of Capital; prospectiveness and productiveness. *Social Capital*. *Consumption Capital*. *Auxiliary Capital*. The necessities of the higher as well as of the lower grades of industry must be included. Sec. 3. *Potential Capital*. Sec. 4. *Circulating and Fixed Capital*. *Specialized Capital*. *Personal Capital*. Historical note on Definitions of the Term Capital" (126, 138).

"All *wealth* consists of desirable things, or, as we may call them, *commodities* or *goods*. But many of the goods or desirable things which a man has are not reckoned as a part of his wealth." He fails, however, in the incomprehensible mass of subtlety to say exactly what goods are and what are not wealth. But apparently, land, slaves, business connec-

tions and "good-will" are included. "Some goods are *Internal* others *External* to the individual. . . . Again, goods are material, or personal and immaterial. *Material Goods* are all external. . . . A man's *External Personal Goods* are benefits he derives from other persons. . . . Personal goods are, however, mostly internal; a man's *Personal Internal Goods* consist of his own qualities and facilities for action or enjoyment. . . . Again, goods may be *Transferable* or *Non-Transferable*. All internal goods are non-transferable, but most external goods are transferable. . . . A person's non-transferable goods consist in a great part of his share of *Collective* goods, *i. e.*, goods which are not in private ownership." (A foot-note tabulates the above scheme of wealth. See *ante*, p. 38.) He continues refining thus: "Those goods are *Free* which are not appropriated, and are afforded by Nature without regarding the effort of man. *Exchangeable* goods are all those transferable goods which are limited in quantity and not free. . . . Lastly, goods may be divided into *Goods of the First Order*, which satisfy wants directly; *Goods of the Second Order*, which satisfy wants indirectly; . . . while under head of *Goods of the Third Order* we may arrange all things that are used for making goods of the *second order*."

J. Shields Nicholson, M.A., D.Sc., Professor of Political Economy in the University of Edinburgh. "*Principles of Political Economy*," 1893.

Cossa, speaking of articles written by Nicholson, says: They bear "the unmistakable impress of his aptitude for science, the soundness of his methods, his steady grasp of theories, as well as clearness of language."

In the Introduction he devotes five pages to "Wealth." Speaking of material and immaterial wealth, he says that they are incapable of precise definition (37). On page 406 he remarks that "land" is the most important item in the "inventory of national wealth." I can find no definition of "land." He says (93), "It is extremely difficult to draw the line between the gifts of nature and the results of labor, and between earned and unearned increment." Neither does he in fourteen pages headed "Labor" define that factor. On

page 72 occurs this: "In certain degrees of civilization, however, the natural aversion to labor,* is overcome by compulsion and punishment in case of default. Thus, in ancient civilizations generally, almost all the laborers were slaves, and the inducement to work was the *fear of penalties*" (not the possession of the product).

His "root idea" of *capital* is "*Wealth set aside for the satisfaction directly or indirectly of future needs.*" (Differing from Smith, Mill, and others, who define it as the part of wealth used to facilitate the production of more wealth.) The seventeen pages on Capital end in uncertainty. "In conclusion, it must be observed that it is impossible to thoroughly discuss such a comprehensive term as Capital without travelling over every department of economics."

In doubt everywhere, he becomes quite helpless as he approaches "Value." He says it is "encrusted with difficulties." And both here and in the Encyclopedia Britannica he arrives at nothing determinate.

In Sec. 2 he writes for the *production* of material wealth, "in general there are three requisites: Land and Natural Agents, Labor, and Capital." On page 44 I read "In *all* kinds of production there are three requisites: Nature, Labor, and Capital." On page 403, "As so often pointed out already, there are three great agents in production: Land (typical of nature), Labor, and Capital; and corresponding to them in distribution . . . Rent, Wages, and Profits."

"Socialism," he says (433), "is false in its assumptions as to the present relations of capital and labor; the idea of the tyranny of dead capital over living labor is utterly unreal; dead capital without living capital is powerless, and *living capital* is stored in the brains and hearts of men. The interest, pure and simple, apart from wages of superintendence, on the

* Nicholson is thinking of the 12 or 14-hour slave-labor of a factory or mine. Men joy in work unless robbed of its products. There are some revolting employments that all men naturally shrink from, like that of executioner. Yet, when Amos Lunt, hangman at San Quentin, California, was removed from office, within a few hours Warden Hale was besieged with applicants for the place. So said the San Francisco Examiner.

dead capital of the United Kingdom is probably less than one-third of the gross annual income." (Two factors only; where is land, the third?)

"On all kinds of capital interest is received, and for the interest as such, . . . the owner does nothing. Then why does the owner of land, simply because he ceases to improve it himself, incur particular censure?"——He treats of "Loan Interest" and "Profit Interest," and then of "The Inter-connection of Profit Interest and Loan Interest."——*Profits* consist of "Insurance Against Risk," "Wages of Superintendence" and "Pure Interest."——All involved in an incomprehensible Chapter xiii. of Book ii.

Painfully diffuse, like Gratiano, his reasons are two grains of wheat hid in two bushels of chaff. Observe this from his "Introduction":

Section 1. "*Definition of political economy.*" "*As it is impossible to compress a treatise into a sentence, it follows that a preliminary definition of any science can be neither adequate nor exhaustive.* At the same time it seems reasonable, as it is usual, to indicate in an introductory chapter the nature of the subject matter, the objects to be obtained, and the methods to be adopted in the systematic treatment of any department of knowledge. Such a preliminary statement is especially desirable in the case of political economy, in which both the adjective and the substantive naturally suggest what most writers carefully exclude, for political economy is usually held to have little or nothing to do with general politics on the one hand, or domestic economy on the other. *Its province may perhaps be best described provisionally, in the words of Adam Smith, as an inquiry into the nature and causes of the wealth of nations.*" 150 words.

All the parts not italicized might, with profit, be omitted; and the 53 words thus retained can be reduced to this definition of political economy: "I accept provisionally that of Adam Smith, 'An inquiry into the nature and causes of the wealth of nations.'" 23 words. But even then Smith gave a clearer definition. See *ante*, p. 45.

The closing section commences thus: "Modern Socialism—Special Criticism. It is a common answer with scientific

men, when challenged to expose the devices of the Spiritualists, to say that when the spirits reveal anything of importance they will be prepared to sacrifice the necessary time. The economist might well be excused for adopting a similar attitude towards the protean forms of state socialism, which are manifestly impracticable." 58 words,——readily condensed into 25, thus:——"Economists might make to State Socialists the reply made to spiritualists who challenged investigation—not till the spirits reveal something can we spare you the time."

After stating that Land, Labor, and Capital are three great agents in production (as if there might be other and minor agents), he writes: "If labor does not obtain a certain reward it must perish; and if capital does not replace itself with some recompense it will not be accumulated." Here should properly follow a hypothetical statement of what would happen to land——if land does not*——. But the author drops into verbiage, and after saying that "The ethics of the ownership of land . . . is by no means so simple as the ethics of wages, or even of profits," he immediately adds, "Seeing, then, that land is, *in general*, the most important item in the inventory of national wealth," etc.——"In general"—Nicholson would have a spasm were he to become certain of anything.

"It is extremely difficult to draw the line between the gifts of nature and the results of labor" (93).

"It is true that it is extremely difficult to forecast for a term of years the rent which a piece of land," etc. (317).

"It is extremely difficult to estimate unexhausted improvements" (322).

"Whether a nation as a whole has reached the point of diminishing returns can only be determined by a difficult deductive inquiry" (174).

We can now see that the *law* of diminishing returns is a *tendency* constantly *liable to be counteracted* (168).

* The dilemma he avoids of course is this: "And if land does not yield rent to and for the use of private owners, but only to and for the use of the community, it cannot be used."

"Value is incrustated with difficulties" (27).

"There are many difficult and important problems connected with consumption" (51).

"It must be remembered also, as is forcibly argued by the Duke of Argyle, that compensation for improvements will not benefit the tenant so much as is generally supposed, *because the privilege itself* will have a pecuniary value; that is to say, a landlord will demand, and the tenant can afford to give, a higher rent in proportion" (322). As clearly showing the wicked and enormous power of landlords, how can the author print this in his book and yet defend the private appropriation of rent!

"There has unquestionably been a gain in exactness (in political economy), especially since the application of mathematical *ideas*" (4)—"methods" he should say.

"In my opinion one of the greatest merits of the old English school is the sharp distinction drawn between economic *laws* and moral *ideas*" (14). Not moral *laws*, observe.

"If . . . an attempt is made to get rid of the tenants by making them all owners, great difficulties are at once suggested" (260). Fourteen years after the appearance of *Progress and Poverty* this man knows nothing yet of the Single Tax.

"The *general* conclusion . . . is that the advantages of private ownership (of agricultural land) . . . outweigh those of State ownership. . . . But as possessing other economic advantages, the arguments in favor of private ownership are not so simple" (262).

Speaking of the overcrowded parts of cities, "The owners who take these excessive rents perform no equivalent economic function. On the contrary, they not only injure the community by keeping up plague spots, but they shake security and the whole institution of *private property* to its base. . . . But having been permitted by the law, and having entered into the circle of contract and exchange, it is felt

that injustice would be done unless compensation were given.*

By the equivocal term "private property" he probably means only "private property in land," the owners of which *perform no useful function, but on the contrary maintain plague spots and shake society to its base.* Yet by stopping injustice,—injustice would be done! Perceiving at last that a land system, long looked upon as right, is, in reducing the great body of the people to a bitter struggle for life, really the acme of wrong, shall we not forever end the ghastly system, and at once? At the close of a century of most startling *material* progress, this Nineteenth Century after the advent of Christ, and from the most advanced people on earth, there comes the reply, No — "It is felt that injustice would be done unless compensation were given."——This is the last straw from Nicholson.

THE SINGLE TAX proposes to absorb the rental value of land. Not without compensation. But without special compensation. There will be a general and immense compensation in the abolition of all the levies that are now made—licenses, stamp duties, excises, customs tariffs on imported goods, taxes on dwellings and buildings for every purpose, merchandise, machinery—capital generally—"wealth" in all forms:—taxes that now press with terrible force upon industry. Besides, land will cease to be held unused or imperfectly used simply in order that landlords may profit by rise in rental value. For "rent," present and prospective, becomes the common property of all, and the "poor widow," so often cited, will, merely as one of the people, possess an equal right of use in all the land of the state, and become one of the owners in common of its rent, with a full, natural and equal *opportunity* to obtain the comforts of life that is now denied her.

"The institution of the Single Tax does not mean the destruction of any right but the cessation of a wrong." And who that reflects upon the meaning of "land," and discovers that it includes not only agricultural, but city lands, railway land, mines, oil lands, water-power, harbor fronts—*all*; and that not only will *he* have a full and just share, but his children and his children's children to the end of time, shall demand "compensa-

* "The thing which is unjust, which is not according to God's law, will you, in a God's universe, try to conserve that? It is so old, say you? Yes, and the hotter haste ought *you*, of all others, to be in to let it grow no older."—CARLYLE.

tion!" Could anyone, no matter how rich, by abandoning not only his "rent," but his houses and other "wealth," bring about the Single Tax, would he not be immensely the gainer? For the richest now are never free from anxiety, and in the ordinary course some of their descendants will be landless and poor. While with the great masses life is nothing but a struggle, and often a bitter one. Great inequality "poisoning, so to speak, the very air that rich and poor alike must breathe." Compensation! It is all compensation.

Rev. Thomas R. Malthus, A. M., of Jesus College, Cambridge.
 "Principles of Political Economy." London, 1820.

The first words of the introduction are, "It has been said, and perhaps with truth, that the conclusions of political economy partake more of the certainty of the stricter sciences than those of most of the other branches of human knowledge." 34 words.—This paragraph is sonorous, but unfortunately signifies nothing. He probably meant "It has been said that economic conclusions are more exact than the conclusions of most other sciences." 17 words.

First words of Chapter i. "Of the subjects which have given rise to differences of opinion among political economists, the definition of wealth is not the least remarkable. . . . The more the subject is considered the more it will appear difficult, if not impossible, to fix on one not liable to objection." Thus, confessing at the outset that he don't know what wealth is, he yet proceeds to treat of its *laws*.

He views man only as a food-consuming, impulsive animal,* and writes of laborers as he might write of oxen, "The natural or necessary price of labor in any country I should define 'that price which, in the actual circumstances of the society, is necessary to occasion an average supply of laborers sufficient to meet the average demand.'" (247).

Land he views only from an agriculturist standpoint—"the

* This they nearly all do. Treating man as "a stomach administered to by members." Recognizing but three kingdoms in nature—mineral, vegetable, and animal, and omitting the *spiritual*, to which man really belongs. Man—capable of transforming the rude vessel made to hold food into that entrancing thing of beauty—a Greek vase—useless to the animal in him and appealing only to his soul.

cultivator," "fertility," and so on. He says "Rents are the reward of present valor and wisdom, as well as of past strength and cunning. Every day lands are *purchased* with the fruits of industry and talents," and so on. Though the "fruits of industry" and "land" are spoken of as distinct things, he constantly confuses them, and cannot see, in an exchange, that he who had the fruits of industry now has land. And that exchange cannot alter the character of the things exchanged.

Malthus' fame rests upon his "*Principles of Population*," first printed in the revolutionary times at the close of last century, and being warmly welcomed by the comfortable defenders of things as they are. "Instead of menacing any vested right or antagonizing any powerful interest, it is eminently soothing and reassuring to the classes who, wielding the power of wealth, largely dominate thought. At a time when old supports were falling away, it came to the rescue of the special privileges by which a few monopolize so much of the good things of this world, proclaiming a natural cause for the want and misery which, if attributed to political institutions, must condemn every government under which they exist."

In this work the poverty of the masses he accepts as inevitable—the outcome of unchangeable law. "The truth is that the pressure of distress on this part (the working part) of a community is an evil so deeply seated that no human ingenuity can reach it. . . . Palliatives are all that the nature of the case will admit." (Chapter v.) That there is a fatal tendency in mankind (never to be overcome) to increase in numbers on the land that yields to labor but diminishing returns, is the burden of his book. Yet how plain it is to him who can see that populations are to-day, in many lands, stationary, and in others have declined or disappeared, while, as to labor, the law is one of constantly increasing returns. The power to bring forth wealth advances by leaps and bounds. "It is not true that there are more men because there is more food, but, on the contrary, *there is more food because there are more men.*"

To relieve the tedium of this drama, let us resort to an interlude. From Hood's "Ode to Mr. Malthus:"

My dear, do pull the bell,
 And pull it well,
 And send those noisy children all up stairs,
 Now playing here like bears—
 * * * *
 You little May, and Caroline, and Poll,
 Take each your doll,
 And go, my dears, into the two-back pair,
 Your sister Margaret's there—
 * * * *
 Let the four twins, Mark, Matthew, Luke, and John,
 Go—to their nursery—go—I never can
 Enjoy my Malthus among such a clan!
 Oh! Mr. Malthus, I agree
 In everything I read with thee!
 The world's too full, there is no doubt,
 And wants a deal of thinning out—
 * * * *
 There are too many of all trades,
 Too many bakers,
 Too many every-thing makers,
 But not too many undertakers—
 * * * *
 Thus, people hatched from goose's egg,
 Foolishly think a pest's a plague,
 And in its face their doors all shut—
 * * * *
 Why should we let precaution so absorb us,
 Or trouble shipping with a quarantine—
 When, if I understand the thing you mean,
 We ought to *import* the cholera morbus!

Maffeo Pantaleoni. "Pure Economics." Translated by T. Boston Bruce, Esq., of the Middle Temple. London, 1898.

Cossa says of him—"Head of the Bari School of Commerce in 1857. After numerous writings he gave signs of his ripened aptitude for exact research in a book entitled 'Principii di Economica Pura.' This book has had the uncommon recognition of being translated into English."

The author's periods are so long and diffuse that it is difficult to make extracts. Of labor, that is absolutely

essential to man's existence and should be a joy, he writes: "For the person engaged in it, labor is an evil, *i. e.* a negative commodity, and can only possess negative value." "Labor in economics means any painful human effort."

After attempting to define Wealth, he treats "of the difficulty of comparing the wealth of two or more individuals or of two nations at a given period" (115). There are frequent foot-notes and references to authorities. But these difficulties, he says, can only be overcome by "The computation of the coefficient of the variation in value of any commodity." "The methods of computing this coefficient of variation constitute, however, as yet, one of the most controverted and difficult problems in economics." In a foot-note he refers to two German and three English authorities as the best on the subject.

Treating of Distribution, he says, "The problem of the distribution of the utilities produced by a combination of complementary commodities among the latter as the cause of such utility, or, in other words, the problem of the distribution of the utility produced by the concurrence of complementary commodities among the possessors (supposed to be distinct) of such commodity, will be discussed in detail in Chap. i. of Part iii." This chapter is headed, "Of the Utility and Value of Instrumental Commodities in General and of the General Principles of the Distribution of Wealth." In it he refers to "The law of Jevons," "The law of Gossen," "Wiesser's law," "An example supplied by Böehm-Bawerk," and "Jevon's law of indifference"—eight pages, in which nothing is determined. "The problem, how to distribute an economic effect by the concurrence or co-operation of several commodities among its several causes . . . has not yet been fully solved" (218). Two solutions have been propounded, by Gossen, and by Wiesser. "Gossen's solution is deemed fallacious by Wiesser." "Wiesser's solution does not seem to us to be called for by any *απορία*. . . . Moreover, Wiesser's solution seems to us to run counter to the principle that the final degree of utility of a commodity is measured *indifferently* by the degree of pain occasioned by its loss, or by the degree of pleasure afforded by its acquisition." These words end the chapter.

Yet, all being in the clouds together, the translator speaks of "The comprehensive grasp of the book and its lucid exposition of the fundamental principles."

Richard T. Ely, Ph.D., LL.D., Professor of Political Economy in the University of Wisconsin. "Introduction to Political Economy," Chautauqua Press, 1889.

Cossa says of him, "A man of indefatigable energy, and learning so great that it is not uniformly accurate."

"We may define political economy in its most general sense as the science which treats of man as a member of economic society." But "a more detailed definition . . . is on some accounts desirable." So he gives Professor Von Scheel's, "slightly modified," thus: "Political economy describes the relations of private economics to one another and their union into larger economic communities (as township, city, state), taking into account their origin, their growth, and their constitution, and prescribing rules for that ordering of these relations best calculated to meet the demands of the degree of culture already attained and to be attained in the future."——Of these two definitions the first is meaningless,—the second moonshine. Shameful that in our schools such inanity should pass for profundity. That the "Cripplers" of Dickens' satire should be presented to the young as the Thunderers and Majestics of Political Economy.

"Moreover, as production is at present carried on under our laws of property, many people who by their own efforts contribute nothing whatever to production enjoy a large amount of what is produced." "Many people," then, are merely legalized robbers of other people who do "contribute to production." The robber methods should be pointed out, and no efforts be spared to repeal such "laws of property" and to have the robbery stopped.

"*Outlines of Economics*," 1892. Begun as a revision of his "Introduction to Political Economy," "it has become practi-

cally a new book." New no doubt in arrangement, in paper and type—but the exactness of the second is nothing more than the lucidity of the first.

Amid what seems to me to be a mass of irrelevant vagueness I find this: "Economics may be defined as the science of those social phenomena to which the wealth-getting and wealth-using activity of man gives rise," (a foot-note adds) "And which deals with all other branches of his life in so far as they affect his social activity in this respect."

I can find no definition of "Wealth," the term "utilities" seemingly taking its place. "Production, then, means the creation of utilities by the application of man's *mental* and physical powers to the physical universe, which furnishes materials and forces. This application of man's power is called labor. Those quantities of utility which result from labor are called economic goods; but not all economic goods are the result of labor. Economic goods have not been defined thus far, but they have been described as material good things." "This enables us to include in our definition both material and immaterial goods, like a person's technical skill acquired by labor, and often very productive." "Political economists have usually called economic goods 'Wealth.' This term is not wholly satisfactory, but is so convenient that the two terms can be used interchangeably in many cases," etc.

Land, he says, "Is a *limited* factor, but in the ownership or management of land there is no inevitable tendency to monopoly."* We may ask, then, why "rent" steadily tends to rise, while wages and interest do not?

"Labor is the second of the two primary things (Factors?) in production. It is here used in a broad sense and includes all the capacities of every sort, intellectual as well as

* A proposed United States public park on lands worth say \$5 an acre, at Chattanooga, was delayed by land-owners demanding from one to three hundred dollars an acre.

When San Francisco was about to place a pest-house on "Shag Rock," a very small, worthless island, an "owner" turned up who demanded \$15,000 for a grant of the privilege. These are examples of what occurs constantly everywhere that the system exists.

physical, in man which have economic significance. . . . Temperance, trustworthiness, skill, alertness," etc. But—these mental qualities, adding to the capacity of *labor*, he has before included in "economic goods"—that is, in *Wealth*!

"Capital is every product which is used or held for the purpose of producing or acquiring wealth."——This definition is vitiated by the use of the term "acquiring," making it include the ship of the privateer and the outfit of a burglar. "The shoes of a shoe dealer," he says, "from the social standpoint, are never capital.* From that standpoint the question of capital is primarily one of production; from the individual standpoint it is primarily one of *distribution*." What this last extract means I do not know—I don't think Ely does.——Do not the dealers, in doing that which in the absence of dealers the manufacturers themselves would have to do, take the final part in the production of shoes? Nothing is fully produced until *brought to the consumer*.

There are, he says, three factors of production—nature, labor, and capital. Distribution is into Rent, Wages, Interest and Profits. Though put down as one item, "Interest and Profits" is treated as two. For after making "rent" the share of the land-owner, and wages the share of the laborer, and saying "The return on the *capital* is interest,"—yet he is bothered by the term "Profits," saying, "The second element under the name of 'profits' (the first being interest) is the payment for 'risk.'" But risk is not one of the three factors of production! Neither is "the element" wear and tear, which receives "a payment" too. "Wages of Superintendence," the fourth element of profits, is simply wages already disposed of; while the fifth, "the entrepreneur's profits," or "pure profit," is —— "Gentle shepherd tell me what?"

Compensation for Risk, Insurance, and Replacement, are really always included in interest. Capital subjected to wear and tear must necessarily demand a higher return than

* Exchange, by permitting subdivision of labor, has been labor's most potent arm in production. Without exchange man could hardly have risen above the animal.

capital not so subjected. Capital exposed to risk in such occupations as smuggling, or gold mining, or such as are liable to fire or flood, may sometimes get large returns; but, in the long run the average returns to capital so used are even below the ordinary rate of interest.

“Fundamentals—The Right of Private Property” (7). In this chapter of seven pages he uses the term “property” to include both property in wealth and property in land, confusing the two, and, like all his fraternity, failing altogether to see that by acknowledging private property in land we deny the sacredness of property in things produced by human labor on and from land—deny property in “wealth.”——“At present,” he says, “the ownership of *property* is the greatest incentive* offered to private enterprise.” “The greatest thing in human life is its incentives. To destroy a powerful incentive is a certain disaster.” “This single consideration, to which many others might be added, is in itself sufficient to justify the institution of private property.”——But the incentive might be to lie, as the law levying taxes on personal property. Or the incentive might be to perjury, as the taxes laid upon commerce; or to rob, as in case of private water and gas monopolies. Would the destruction of these incentives be disastrous?——However much private property in land may be an incentive to land monopolists to rob labor and capital of their products, it is anything but an incentive to engage them in production. All over the civilized world it is not only a great barrier to production, but absolutely forbids a just distribution.

He says that economics “Is an approximate and partially descriptive science.” “The inexactness of the social sciences is due to the very thing which gives them their supreme value, the nature of man and the greatness of their subject.”——This is sonorous—has even an eloquent twang—but, more than a Daniel is needed to interpret it.

“We must remember that all we can say of natural laws is that they are habits, not compulsory necessities of nature.”

* The true incentive, needed by labor and capital to engage in production, is the security of the products.

He probably refers to laws of *the human mind*. He who can't distinguish between a habit and a law is, indeed, likely to say, "There are no such rights" (natural rights), and to prove it by the assertion "that all true rights are rational rights."*

"At times they" (labor organizations) "have favored measures ultimately injurious, because such measures have increased, temporarily, the supply of work. Their opposition to labor-saving machinery also falls under this head."

——Grammar like this is on every page. Anybody not a teacher of economics would say, "Sometimes they have favored measures that, like their opposition to machines, might cause an immediate demand for labor, but that would ultimately react."

With the sublime assurance of the schools he writes, "Certainly one of the most hopeful features of the situation is the willingness of organized workingmen to listen to strong and manly words from those who understand their real purposes . . . and endeavor to help them distinguish between the foolish and the wise, the wrong and the right," etc. (193). "It would seem that their best friend ought in all sincerity to counsel them . . . that they have not the trained intelligence and the moral strength to govern the country" (196).

The man is very dangerous who, posing as a tribune in political economy, and widely accepted as an authority in reasoning, cannot reason rightly. A misplaced sign-board at the forks of the road, he points, to be sure, but in the wrong direction.†

* "If morality is nothing but right calculation, he who wants it can only be accused of a flaw in his understanding."—MADAME DE STAEL.

"With the Deity *right* and *expedient* are, doubtless, convertible terms. 'Whatever is expedient is right.' For us, however, there remains the question, Which is the antecedent and which the consequent? . . . We begin to suspect that the right is the more easily ascertained of the two; and that the maxim would be better transposed into 'Whatever is right is expedient.'"—HERBERT SPENCER.

Would it not be God against God if natural rights were not rational?

† Professor Ely is not a rich man, but from his position he must necessarily reflect the views of rich men. "When a rich man speaketh, every one holdeth his tongue, and, look, what he saith, they extol it to

A ship-load of economists cast upon a lonely island, with all their "trained intelligence" and "moral strength"—would any system whatever that they might adopt be likely to equal in point of justice the administration of base mechanics similarly placed? Judging from the books we have gone over, and in the language of one of them, "I answer No. Decidedly not."

As to "moral strength and trained intelligence" that he says workmen lack, I add here part of a letter which, after its authenticity had been assured, was printed in the "Christian Union," April, 1886. The writer stated at the beginning that he had been a workingman for forty years, and for twenty years of that time a member of church. For explicitness, vigor of language and thought, and especially for its *human tone*, there is little to parallel it in economic literature. I introduce it as resuscitating wine after so many pages of unsettled "science" and dislocated morals.

A WORKINGMAN'S LETTER.—"The points of Mr. Gladden (Rev. Washington Gladden) are that 'laziness, incompetency, improvidence, vice and unthrift are the sources of many of our woes.' 'Another considerable part is the fault of our own turbulent temper.' And Mr. Gladden tells us that the 'first lesson for workingmen to learn' is to keep our heads cool, and to follow our judgment rather than our impulses and resentments, and to be hopeful, and patient, and temperate, and strong, and begin reform by reforming ourselves, and show ourselves fit for prosperity, and nothing can hinder us

the clouds; but if the poor man speak, they say, What fellow is this? and if he stumble they will help to overthrow him."—Ecclesiasticus.

"Most writers on political economy have been persons in opulent or at least in easy circumstances. They have witnessed, with profound or interested satisfaction, the growth of wealth in the classes to which they belong, or with which they have been familiar or intimate. In their eyes the poverty of industry has been a puzzle, a nuisance, a problem, a social crime. They have every sympathy for the man who wins and saves, no matter how; but they are not very considerate for the man who works."—Prof. JAMES E. THOROLD ROGERS, Oxford.

from coming to our own. And the display he makes of the cost of drink is prodigious. But what has all this to do with our demand for 'our own?' . . . When Mr. Gladden talks of drinking, there is not a hod-carrier in the land but thinks of Garfield's funeral, and the exhibition of our ruling classes there, and of the fact, too, that they saddled the expenses on the workingman—a thing more disgraceful than the drinking, not a particle better than stealing. Drinking, indeed! You may go to my nearest neighbor, and from his house to the next nearest, and so on till you have visited a hundred workmen, and I would wager my life that the whole hundred do not drink as much intoxicating liquor in a year as President Arthur alone. Mr. Gladden proposes to us to reform ourselves before we demand 'our own.' Would that give us any better right to 'our own'? Not a particle. . . . The workingmen complain that they do not receive a fair or just equivalent for their labor, and very few, if any, of the ruling classes pretend they do. Mr. Gladden allows that they do not receive what belongs to them—'their own;' but instead of devising ways and means for them to obtain it, he advises them to 'reform themselves and be patient.' Mr. Gladden does not seem to understand human nature, or the teachings of history, or the teachings of the Prophets and of Jesus. Fault-finding and insults will not make workingmen patient, especially when they see and know that they are more temperate, more industrious, more provident, and more competent and efficient than the ruling classes. The merchants are the most competent, the most efficient and provident, as well as useful, of the ruling classes, and more than ninety in every hundred of them fail. What would become of the nation if those who raise the crops, and the workingmen generally, did no better than that?"

"Every man knows that the nations of the past have been ruined by the corruption and utter worthlessness of the ruling classes; and it was to them that the Prophets and Jesus addressed their denunciations. 'Ye hypocrites, ye serpents, ye generation of vipers,' said Jesus to the rulers of Jerusalem. 'How *can* ye escape the damnation of hell?' And yet these rulers would compare well with the rulers of

to-day." . . . "The workingmen of America do not average \$300 a year for a family of five; and we are actually accused of 'improvidence;' and in this very paper, too, that contains a debate as to the *possibility* of a small family subsisting on \$1000 a year."

"At no time since the 'morning stars sang together' has the workingman been robbed of so great a proportion of the fruits of his toil as to-day. An English statistician shows that one workingman produces as much in one day now as twenty-five did one hundred years ago. Here is a gain of twenty-five hundred per cent. in the profits of labor; but how much gain to the laborer? In most cases not a copper; and in no case has he gained fifty per cent."

. . . To make man the greatest friend of man, and to make the lowest and most repugnant toil to draw the highest pay, will require a radical revolution; but it must *come*, and it *will* come, but none the sooner by "patience."

. . . The curse of the world has always been the moral degradation, the depravity of the ruling classes, and the flippancy with which the priesthood will gloss over their crimes or pass them by.*

As to the priesthood, "Their feelings of self-interest are all in favor of the aristocracy, and special privilege and 'subordination,' . . . and they are hostile to any reform which will reduce the incomes of the ruling classes."

He speaks of "The bench of bishops in the British Parliament voting *solid* against the stoppage of the slave trade: a vote which, while it is a standing memorial before God of their utter faithlessness to Him, is a perpetual reminder to the workingmen that no reform is to be expected, that they can prevent or delay, which will lessen the burdens of the laborer by lessening the incomes of the wealthy."

His letter ends thus: "A civilization that permits man to be the greatest enemy of man, and allows the hardest and most repugnant toil to draw the lowest pay, is a cheat and a

* "Under all forms of government the ultimate power lies with the masses. It is not kings nor aristocracies, nor land-owners nor capitalists, that anywhere really enslave the people. It is their own ignorance."

sham; the political economy that permits it is a falsehood and a fraud, and a religion that allows it without constant, earnest, and persistent protest is a humbug."

J. WILLETT.

GLENN, MICH.

Father Matteo Liberatore, S. J. "Principles of Political Economy." English Edition. London, 1891..

Father Liberatore, aged eighty, determined to write this book because, economic science being inwoven with almost all the affairs of civil life, he desired to "prepare a compendium . . . that would . . . put young men on the right road." "This book is not addressed to the learned. . . . It is meant for aspirants and novices. *Virginibus puerisque canto.*"

He only *attempts* to define political economy, for "he has not the presumption to suppose that he shall end the disputes of economists on this point." Liberatore calls it "The science of public wealth, with regard to its rightful ordering as a means of common well-being."

"Now it is indisputable that the object of political economy is wealth, or *abundance* of the good things that are necessary to the life of man." His formal definition of wealth is "A *plentiffulness* of goods in excess of pure need" (4).—"Rent is that wealth, or part of wealth, which, answering to the natural forces inherent in the soil, belongs to the proprietor" (173).

"Some economists . . . attribute the production of wealth to labor only. But of what use would a man's . . . work be . . . without a subject to exercise it on." Therefore work alone is not a producer of wealth, but nature and work (23).

"Capital may be defined a store of savings, destined for production. . . . It consists in all things that have utility and value, if only they be intended to produce more wealth" (33). In this definition "a store of savings" excludes land, while "all things that have utility and value" include it.

He says: Jean Baptiste Say excludes land from capital, "but other economists include it. Indeed they include all property whatever that is owned by man; and by a gross

abuse of analogy, they even include his immaterial faculties, his talents, his intellectual and moral culture " (34).

"The juridical origin of rent . . . is to be found nowhere else than in the right of property, of which rent is a consequence." "Moreover, an estate, unless it is in a sandy plain, has natural productions useful to the owner of the soil."

——He speaks of game, fish, quarries, woods, coal-mines, etc., as *Gifts of God*. "Now, before capital is used and work done, what in themselves are all these Gifts of God but rent? They are so everywhere, more or less; and when, besides these agents naturally operating, the other two elements of production, Capital and Work, are added, the said land will begin to grow abundant crops of corn, etc. Certainly a part of these are due to the laborer, and part to the farmer; but a net part of it will always remain for the proprietor, and ought to be his, because *he* supplied the chief producer, viz., the natural forces inherent in the soil, which is his" (173).

First telling us that they are "Gifts of God"—these quarries, woods, mines (land, in fact)—he next says they are the proprietor's, and ought to be his, because *he* supplied them.

Henry Dunning Macleod, M.A., of Trinity College, Cambridge, and of the Inner Temple, Barrister-at-Law, etc., etc. Mr. Macleod's rank is of the highest, and his writings are many. "*Economics for Beginners*." London, 1894.

I find no definition of *land*. But "rent is the right to demand compensation for the use of certain species of property, when the compensation is paid in the form of a series of payments, or annuity; such as Lands, Houses, Copyrights, Patents, Mint Dies, Telegraph Wires, etc." This is the ordinary use of the term. In political economy, as Macleod must know, it has but *one* meaning—"that part of the produce which accrues to *land-owners by virtue of their ownership*."

In treating of the way in which rent arises he says, "The first thing necessary is that the land should belong to one person and be let out to another." This is clearly an error (see definition just given), for "rent" is what accrues to the

owner of superior land (merely as owner, and not as worker) when the superior land is all appropriated and additional labor must resort to inferior lands; and of course accrues to the owner either when, not using it, he lets it to the user, or when he uses it himself.

After erroneously stating Ricardo's theory he says, "This is Ricardo's Theory of Rent, which some Economists admire so much; and which Mill says is the *pons asinorum* of political economy, but which any practical man of business would laugh at."

"Ricardo applied this theory to *mines as well as land*" (115). Italics mine.

Labor. "All persons are laborers who earn their bread by personal exertion or service, from the Lord Chancellor to the lowest hodman." "Nothing can be more unfortunate than . . . marking certain portions of the community as *working-classes*" (120).

He accepts Malthus in toto. In Ireland, he says, wages were low "because there were so many laborers and so little employment;" the same in China. "An excessive increase of the number of work-people forces wages down by an inevitable law of nature" (124)——An excessive increase in the number of *work-people*! "Idle people" would have sounded more reasonable. There would be little honey in the hive if all were drones.

Workmen are in distress "because there is not sufficient demand for their labor. . . . All commercial difficulties arise from *over-production* and never from *under-consumption*" (36).

"Workingmen, and those who flatter them . . . are . . . in the habit of proclaiming that they are the creators (producers?) of all wealth. But workingmen are *not* the creators of all wealth. Did workingmen create corn, or do they make it grow? . . . Did they create the stones of which palaces are built? Did the *workingman* create the great sciences? (He has just told us that from the Lord Chancellor down, all are laborers.) . . . Did they create the land? Did *they* create the skill and foresight . . . by means of which commerce is carried on? (137.) The economic term (Mac-

leod purposely uses the wrong one) is 'produce.' God alone 'creates.'"

"Nothing can be more suicidal than the cry against rich men which so many wild socialists and communists have raised. Where would workingmen be without rich men?"

"How could workingmen exist without capital?" (138.)

"When workingmen complain of the tyranny of capital . . . *it is not the tyranny of capital which is their enemy, but the TYRANNY OF THEIR OWN EXCESSIVE NUMBERS*"* (138). Italics and capitals are Macleods.

He would be the greatest of benefactors who would "put an end to the internecine wars of *capital and labor*" (139). Italics mine.

"Capital is any economic quantity used for the purpose of profit" (45). Personal skill he treats as *Immaterial Capital* (46).

The great problem of political economy and of the age, "Distribution," he don't treat of at all.

"To produce in economics means to bring any commodity into the market and offer it for sale" (46). "The cost of production is the sum actually expended in placing it in the market." "The difference between the cost of production and the value is termed profit" (43). "The sale of corn to the miller and . . . flour to the baker the Physiocrats called Traffic or Distribution" (8).—These acts are "exchange"

* Evidently, in the following case it was the tyranny of private property in land, inducing land speculation, and not the tyranny of excessive numbers—"A young Iowa farmer, who some time ago went to Dakota, is home again. While he was land-hunting out in that garden spot of the world he came upon a boarded-up claim shanty. Upon the door he read this touching inscription :

" 'Fore miles from a nayber
Sixteen miles from a postofis
Twenty-five miles from a raleroad
A hundred and atey from timber
250 feet down tew water
God bless our home

We've gone east to spend the winter with my wife's folks.' "

—Burlington, Iowa, "Hawkeye."

and should be treated under the head of "production," for all the machines devised by man have never equalled exchange in assisting labor to produce wealth.

"The profit made by the loan of money is called interest or discount" (108).

The following extracts are from his "CREDIT," a paper read before the National Liberal Club Economic Circle, 1897. Printed for private circulation:

"Ancient writers unanimously held that exchangeability is the sole essence and principle of wealth" (5).*——This definition he thinks is "fittest to form the basis of a great science."

Adam Smith's error, in including personal qualities in the term wealth, Macleod looks upon as a great service in breaking through "the narrow dogmatism" of the Physiocrats, who held that nothing is wealth but material commodities. "The first school of Economists denied the title of wealth to Credit, as they did to Labor." He insists that "Personal Credit of all Banks, Merchants, and Traders, is an integral and colossal portion of the National Wealth" (8). "Thus, Demosthenes anticipated more than 2000 years ago the doctrines now admitted by all economists" (8).

Who are "all economists" whose concurrent opinions, on page 8, thus sustain Macleod and Demosthenes?——Under the heading "Radical Defects in Current Economics," on page 10 of this same treatise, I find the reply—"I now have to draw your attention to the radical and vital defect of *all* † the current works on economics, which renders them utterly valueless for the great economic problems which are so important at the present day."

He writes, "We must revert to the original conception of economics as held by its founders. They . . . held that economics is the Science of Exchange or Commerce" (11). I think Macleod is in error. Generally speaking, they define

* This teaching did not question the prevailing institution of slavery, and was therefore accepted by the ruling classes.

† His own works are thus included in the condemnation.

it as "treating of wealth and the laws of its production and distribution," and generally they make exchangeability one of the essential characteristics of wealth.

He sustains his views not only by the authority of the ancients—Gaius, Ulpian, Modestinus, Paulus, Javolenus, Papinian and Aristotle, but by some moderns—as Daniel Webster, Professor Nettleship the great Oxford scholar, and Mr. Justice Byles. "The doctrines of the Roman jurists were, however, inadequate for the complete Theory of Credit" (23). Accordingly modern authors have taken it up. "But unfortunately it has been treated by a series of literary and mathematical writers who were entirely deficient in the necessary knowledge" (24).

However, Mr. Macleod happily undertook the work and the obstacles were overcome. "I, in 1888, at last succeeded in obtaining a satisfactory solution of the difficulty. So the Theory of Credit is now absolutely complete. Thus, from about the year 350 B. C. to 1888 A. D. it has taken 2238 years to bring the Theory of Credit to absolute perfection" (24).

"I now leave it to your judgment whether it is fit to intrust the teaching of such a subject to literary dreamers, who have not the slightest knowledge of the simplest principles of Mercantile Law, have not the slightest knowledge of practical business, and have not the faintest idea of applying the principles of modern Algebra to the phenomena of Commerce" (24).

Notwithstanding that after 2238 years, commencing with Demosthenes and ending with Macleod, it was to have been hoped that controversy was closed, he writes in this paper nine years later,—“A host of literary dreamers and high college dignitaries have assailed my exposition of Credit” (31).

However, "It is this fundamental concept (that exchangeability is the sole essence of wealth) which clears up all the contradictions and confusions with which the current textbooks . . . are loaded" (32).

And so, Mr. Macleod retiring, there comes upon the stage another Great Light.

Edwin R. A. Seligman, Professor of Political Economy and Finance in Columbia University, New York City. "Essays in Taxation." Preface dated at Bellagio, Italy, September, 1895. 444 pp. Octavo, gilt top. Macmillan & Co., New York and London.

After looking over this book, its title is seen to be objectionable. Essays *in* Taxation are attempts or efforts to adopt a tax—as Turgot's effort in France. Essays *on* Taxation are short treatises *on* taxation. If discussing the subject—Inflated Style, he would surely say "Essays *on* Inflated Style," not Essays *in* Inflated Style. The title, then, is evidently a misnomer. A more just one would be "Essays," and I think most lamentable essays, "in Reasoning."

On page 1 I read, "Fiscal conditions are always the outcome of economic relations. This is true even where the direct influence of political causes is traceable, for political changes are in the last resort dependent on economic changes. Finance and economics are inextricably intertwined. Like all the facts of social life, taxation itself is only an historical category."

This is fine writing, and to the undergraduates of Columbia no doubt impressive. But———What the Dev——Demon does it mean!

"Relatively good as the system was, it was soon seen not to be entirely satisfactory. It failed to respond to modern economic conditions" (17). "If the history of taxation teaches any one lesson, it is that all social and moral advance is *the result of a slow process*, and that, while fiscal systems are continually modified by the working out of ethical ideals, these ideals themselves depend for their realization upon the economic forces which are continually transforming the face of human society" (22).

In place of "The result of a slow process" he should have written "slow"—"all social and moral advance is slow." But it seems to me that the whole passage "darkeneth counsel by words without knowledge."

The pompous verbose diction of most of the economists is palpable in Seligman—an economy of ideas, but not of words, producing a dropsical style. Chapter ii., page 23, opens thus—"There is perhaps no single feature of our

modern tax system that is commonly thought to be more thoroughly American than the general property tax. The proportional taxation of all property is held to be the result of an instinctive feeling original to and thoroughly ingrained in the minds of the American people. And yet it may be said that few institutions have evoked, of late, more angry protests and more earnest dissatisfaction than this very tax. The reason is plain. As long as prosperity was general, and the public expenses were small, taxation was light, and its burden was scarcely felt. But during the last few decades, with the complicated demands of modern civilization, public expenditures, both local and national, have increased to such an extent as to exert a sensible pressure on the population. The problems of public revenue have been pushed to the front. The expressions of discontent with various phases of the financial system have become numerous and loud. But for the most part the discussion has been superficial, and the conclusions reached have been inadequate." 180 words.

The same ideas can be reduced easily to this—"The current belief in America has been that all property should be taxed. But the complicated needs of an advancing civilization have so greatly increased public expenditures that a general discontent has brought theories of taxation into warm discussion—a discussion for the most part, however, that is superficial." 49 words—131 redundant words!

The same chapter ends in a paragraph which I put thus: "The general property tax is one of the worst of taxes. It violates the rules of uniformity, equality, and universality of taxation. It puts a premium on dishonesty, and, while granting immunity to some, it imposes double taxation on others, pressing hardest upon the poor. In short, it is so flagrantly unjust that its abolition must soon be urgently demanded by all reformers." 63 words. But from Seligman's ready pen it flows forth thus: "Practically, the general property tax as actually administered is beyond doubt one of the worst taxes known in the civilized world. Because of its attempt to tax intangible as well as tangible things, it sins against the cardinal rules of uniformity, of equality,

and of universality of taxation. It puts a premium on dishonesty, and debauches the public conscience; it reduces deception to a system and makes a science of knavery; it presses hardest on those least able to pay; it imposes double taxation on one man and grants entire immunity to the next. In short, the general property tax is so flagrantly inequitable that its retention can be explained only through ignorance or inertia. It is the cause of such crying injustice that its alteration or abolition must become the battle-cry of every statesman and reformer." 140 words.

The Single Tax is the bugbear of Prof. Seligman, and evidently because he don't know what the Single Tax is.—“The difference between property in land and property in other things is, from the standpoint of the individual *versus* social effort, simply one of degree, and not of kind” (70).* “Lack of elasticity is a serious defect in the Single Tax” (74). For, he says, we couldn't take any more than *all* the rent. “Now, it is not so easy to assess . . . the bare value of the land . . . as it is to assess the . . . value of a piece of *real estate*” (74). Besides this difficulty, “there would be an inseparable great inequality” (75).

The Single Tax, he says, would prevent taxation from being used as a “social engine” in taxing commerce or saloons, State-bank notes, or in “licensing” draymen, physicians, hack-

* I have before me a Salt Lake City paper, dated June, 1889. Projected railroads had been creating a land boom. An editorial says, “The town is very lively and hotels are crowded, and though land values are high, if the liberals carry the approaching election, and we have no doubt they will, a great many people will come into the town and prices will go still higher.” A real estate advertisement reads, “The citizens of this town have trebled their money within the past year. Now is the time to buy, as prices are advancing monthly.” In the same issue are mercantile advertisements. “Great Reduction!” “Men's all-wool suits \$10 reduced to \$6.” “Children's suits reduced” about one third, etc. “The Fair” “Is making prices lower than ever before made in Utah!” and so on.

These may enable the Professor to see one striking difference, to wit: With increased demand, the values of articles of “wealth” tend to decline, because production is stimulated and facilitated; while, with increased demand, land values tend to rise.

men, store-keepers, sweeps, or hucksters. Besides, "It is well known that liberty has been intimately bound up with the contest against unjust taxation. . . . The French Revolution was brought about primarily by the fiscal abuses of the *ancien régime*." Thus, "To take away from the vast majority of citizens the sense of their obligations to the government, and to *divorce their economic interests from those of the State*, would, especially in a democracy like that of America, be fraught with serious danger."

That "unjust taxation is essential to liberty" would, in a convocation of the American Economic Association, doubtlessly be called "a very acute remark." I simply remark that the last paragraph of the extract, commencing "To take away from the vast majority," etc., is not clear in using forty-two words, but can be made so in nineteen, thus: "To take away from citizens their sense of obligation to the State would, especially in a democracy, be most dangerous."

He says, "Modern jurisprudence and modern political philosophy . . . have incontestably disproved . . . this assumption of natural law or natural rights." "They have shown that natural law is simply the idea of particular thinkers of a particular age of what ought to be the law"* (68). — Modern *jurisprudence* and *political* philosophy would hardly seem to be courts of last resort in a question involving the very existence of "Ethics." But accepting their dictum, what does Professor Seligman mean by constantly appealing to natural rights or natural law? Thus—"On what grounds of *morals* or *justice* shall the land-owners be singled out for taxation?" (78.) "On what possible theory of justice shall we," etc. (81.) "Neither the common people nor the student will . . . accept a scheme so palpably *unjust*" (94). "Each successive step in the world's advance must be founded on *justice*" (94). "When he seeks to impose a remedy . . . as *unjust* . . . as one-sided" (94).

* "The idea of right is ineradicable from the human mind, and must in some shape show itself, even in the association of pirates and robbers."

—HENRY GEORGE.

"In theory the good and the true are inseparable."

—MADAM DE STAEL.

"The higher tax on land values is *unjust*" (82). "The Single Tax is *unjust*, because it is exclusive and unequal" (82). And so on, again and again.

"On what grounds of morals or justice shall the land-owner be singled out for taxation?" It is in reply to this question that George wrote "Progress and Poverty," a work in ten books—forty-four chapters—occupying 496 pages of concise and exquisite reasoning. Although the whole work is a linked argument, one of these books (vii. of 56 pages) is especially devoted to showing the "Justice of the Single Tax." The chapters are headed:

- I. Injustice of Private Property in Land.
- II. Enslavement of Laborers the Ultimate Result of Private Property in Land.
- III. Claims of Land-owners to Compensation.
- IV. Property in Land Historically Considered.
- V. Property in Land in the United States.

If Professor Seligman, who has never really read, much less studied, "Progress and Poverty," will turn to its index, he will find every objection he has ever offered answered in advance in the book itself.*

He says, "It will be impossible to convince the common people that so-called unearned increments are confined to land. As a matter of fact the 'unearned increment' of land is only one instance of a far larger class" (81).

This "unearned increment" argument is not Henry George's. It occurs in the writings of John Stuart Mill (Polit. Econ., Book v., Chap. ii.). Single Taxers think it untenable. George argues that land-values (rent) should be taken by the community for the equal use of all members of the community, not because they are unearned by individual holders, but because they belong to the community, being by *it* earned or produced.†

* But the chief reason for studying "Progress and Poverty" is that the work is a mind opener, and might enable him—not to read more books, God forbid!—but to do some thinking for himself.

† Prof. Plehn, of the University of California, unable to see a difference in the arguments, once wrote me, "If land-values are earned by the community, they may be said to be unearned by the individual. I can-

"How have most of the fortunes in Wall Street been made? . . . Land speculation is . . . a very small part of the sum total" (79).

I answer, By monopoly in some form; and while many monopolies depend on patents or on protective tariffs, the chief ones are in land. Railways, Tramways, Gas Works, Water Works, Iron, Coal, Copper Mines, etc., are all private land-monopoly operations.

"If it be claimed that the fortunate speculator deserves his fortune because of his sagacity and foresight, why deny these attributes to the land-owner?" (79.)

"A *house* in a desert is worth nothing; a *house* in a small town is worth more; a *house* in a large city is worth still more. The *house* is in part the product of labor, but the greater demand increases the value" (80) (*italics mine*). Shade of

not see the point of your exception to my form of stating George's doctrine." In reply, I put it thus:

Excogitative Court,	}	IN RE
Perpetual Term.		JOHN DOE, <i>Plaintiff</i> ,
	}	vs.
		RICHARD ROE, <i>Defendant</i> .

Now cometh the plaintiff, John Doe, demanding of the defendant, Richard Roe, the sum of one dollar, which said plaintiff alleges was stolen by defendant from said plaintiff, who had earned it, and to whom it belonged.

Whereupon, in answer, appeareth defendant, Roe, admitting that the dollar in question is, no doubt, an unearned increment to defendant's wealth, but alleging that, "Inasmuch as there are other forms of unearned increment, it would be unjust to seize his alone. For why should they escape while his is taken" (Plehn's words).

To which answer plaintiff, Doe, takes exception, alleging, with emphasis, that he demands the dollar, not because it is an unearned increment to defendant's wealth, but solely because, having been earned by, it justly belongs to him, the plaintiff, from whom it was stolen by defendant.

To which exception defendant now rejoins: "If the dollar has been earned by the plaintiff, it may be said to be unearned by defendant, and defendant cannot see the point of plaintiff's exception to defendant's form of stating his defence."

great Adam Smith, behold to what a degrading finale a hundred years of "improving" has brought political economy!

"On what possible theory of justice . . . shall we tax the man who has invested \$100,000 in land, etc." *Invested money in land.* What an expression for an exact thinker! ———*Exchanging* \$100,000 for land don't change the land into dollars. The other man has the dollars. The exchange altered neither the things themselves nor their moral sanction. "Exchange transfers; it cannot create. Each party gives up what right he had and takes what right the other party had. The last holder obtains no moral right that the first holder did not have."

He asks, "Where is this capital to come from?" (to build houses when private land monopoly is destroyed.) "There is no fund floating around in the air which can be brought to earth simply by the imposition of the Single Tax" (91). "The amount of loanable capital in the money market at any one time is definite and fixed" (91).——Any call for capital to construct the Suez, Darien, or Nicaragua Canals, or railways anywhere, brings forth offers of capital in untold millions. When the United States Treasury asked bids for a hundred millions of bonds, five hundred millions were subscribed for.

"How would the Single Tax relieve the inhabitants of the slums?" "How would the wages of the workmen be increased?" (92.) "Monopoly profits cannot be reached by a tax on land values" (80). He says that land has increased in value like Sugar Trust Stock, because there are more people who want land and want sugar (81).

"But when he (George) comes to them (the economists) with a tale that is as old as the hills; when he sets forth in his writings doctrines that have long since been refuted; when in his enthusiasm he seeks to impose a remedy which *appears to them as unjust* as it is one-sided, as inconsistent as it is *inequitable*, they have a right to protest" (93).——"If economists thought that the distinguished Single Tax leader had solved this problem they would enthrone him high on their council seats. . . . They would acknowledge him a

master, a prophet" (93).——About as likely as the Sanhedrim to accept the Sermon on the Mount.*

"We have *studied* the Single Tax from different points of view, and we have seen that it is defective fiscally, politically, morally and economically" (93).

Yet after all this he favors the abolition of all taxes on *personal* property, and fails to see (owing to his confused notion of personal property) that no value then remains for taxation but "rent." For the essential characteristic of the things we class as personal property is that they are the productions of human labor on and from land, and, generally speaking, having value in exchange, and are therefore "wealth." The term personal property differs from the term wealth only in this—personal property may include things of no exchange value, while to wealth exchange value is essential.

Personal property would include houses; the tracks, bridges, equipment, etc., of a railway, including station buildings and freight depots, all valued *apart from the land*.

His last words on page 421 are, "Slowly . . . we are moving towards a readjustment of the American system of taxation. Its ultimate form can . . . be faintly discerned: separation of State and local revenues;" the first to come chiefly from corporation and inheritance taxes; the latter "from real estate and from the other elements of taxable faculty." "The problem cannot be solved merely by exempting personalty." The income tax is no solution, and we are

* To have spent the best part of their lives studying languages in order to wade into the muddy economics of France, Germany, Italy, Holland, and to win for themselves the hall-marks Ph.D. or LL.D., these men are not likely to take aboard the new ideas that would force them to jettison all the old. They remind me of a conservative old gentleman I live with who lately, reading about the new moon of Uranus and the discovery of a planet twenty miles in diameter, burst out—Oh! dammat, what humbugs are these astronomers, with their big Yerkes and Licks! We had enough to wonder at. What the devil do we want with more moons and stars? They only upset things. Here's a rich, thieving street-car man in search of glory, or a land speculator posing as a patron of science, and their d—n young professors force us to abandon settled notions, and put us all at sea. *I can't say my planets any more!*

groping after adequate substitutes. It is possible that mortgage taxation may be adopted. "That a more refined system of corporation and inheritance taxation will reach other important classes of personalty is probable. That additional taxes must be imposed, designed to reach the remainder of individual faculty." "The recognition of this fact, however, will come as soon as the demand for the abolition of the personal property tax has made more headway."

So—he would *abolish personal property taxes*, and at the same time by "more refined corporation and inheritance taxation, *reach other important classes of personalty*."——In all the foregoing do you perceive any certainty? Do you observe any guiding principle either of policy or morals?

Seligman comes into court, not with a level head, but with a pile of books, reminding me of what Hobbes said of his opponents—that if he had read as much as they he might have known as little. Seligman, frugal in ideas, becomes a prodigal in authorities, quoting them often in his text or naming them in foot-notes. Too multitudinous to be *all* even tasted, he has yet bolted enough of the indigestible matter to amply account for his intellectual gastritis. For example :

On page 100—The fullest study of this case is Heckel. *Die Einkommensteuer und die Schuldzinsen*, 1880.

On page 46—Are seven notes, naming German and Italian writers. The first is "Lang *Historische Entwicklung der deutschen Steuerverfassungen seit der Karolinger*," p. 182.

Another is "Le Imposte straordinarie si pos sono di questa epoca (1252) comprendere in una sola, la colletta." Canale, *Storia dei genovesi*, i., p. 318 (edition of 1844).

On page 378—"Il Carattere Teoretico dell' Economia Finanziaria. Di A. de Viti de Marco." Roma, Pasqualucci, 1888.

On page 379—"Il Diretto Tributario Italiano." Di Alberto Zorli. Bologna, Tip. Compositori, 1887. 8 vo.—and three others.

On page 380—"Leerboek der Financiën. De Theorie der Belastingen. Door P. W. A. Cort van der Linden, Hoogleraar aan de Faculteit der Rechtsgeleerdheid de Groningen." The Hague, Gebr. Belinfante, 1887, 8 vo., 608 pp.

In February, 1891, in two letters printed in "The Standard," New York City, Seligman insisted that the Single Tax would cause a *double loss* to land-owners; that is, the dimin-

ishment of annual rent until the land should be sold, and then the diminishment of the fee simple price besides: adding: "Let me say, further, that this doctrine of mine is by no means a new one. What I complain of is the ignorance of your Single Tax men on the Science of Finance. The doctrine presented above is known as 'The Capitalization Theory of Incidence,' or, as applied to land, is sometimes called 'The Rent-charge Theory.' If you desire to study it a little more in detail, permit me to refer you to a few works on the science of finance; such as Schaffle 'Grundsätze der Stenerpolitik,' pp. 176-190; or Rau, 'Finanzwissenschaft,' vol. ii., pp. 22-27; or Pantaleoni, 'Traslazione del Tributi,' pp. 168-183. Here, as well as in countless other works, you will find the theory plainly set forth."

A most lucid logic! Fit to demonstrate the immense loss the Spanish people have sustained by, four centuries ago, appropriating five thousand pesos to fit out Columbus. For, if placed at only 5 per cent. interest and compounded, that sum might now have grown to a greater value than the whole Western Hemisphere—including the improvements.

Arthur Twining Hadley, Professor of Political Economy in Yale University, etc. "Economics. An Account of the Relations Between Private Property and Public Welfare." 8vo. Gilt top. New York and London, 1896.

These "relations" are so varied that the title seems to fix no bounds. It might mean sanitary relations, as property in pig-pens or abattoirs. Or police relations, as property in saloons or gaming houses. Or it might mean a description of the relations now actually existing, or as they have existed in the past. Or it might mean just relations, or practical relations.

The separation of economic theory and practice seems to him to be a mistake (v.)—Then, apparently, astronomy should not be disjoined from the arts of surveying, navigation, meteorology, or even agriculture. Nor the science of chemistry from the arts of metallurgy, dyeing, etc. The truth is that Hadley and his associates recognize no *prin-*

ciples in political economy. Unable to perceive the natural laws (essential to "science"), they perforce turn to the juridical.

"This book," he says, "is an attempt to apply the methods of modern science to the problems of modern business." It is therefore a treatise on *business*, and not upon political economy at all.———"Meantime problems have been developing in modern business life; most conspicuously, perhaps, in connection with large investments of capital in factories and railroads" (iii).———*Investment*, says Webster, "is the laying out of money in the purchase of some species of property." That is, it consists in exchanging money property for other property. Money is included in the term "capital." Factories and railroads, too (apart from the land), are also "Capital." Hadley then, when analyzed, says in effect that "The most conspicuous of modern business problems are connected with large investments of Capital in Capital."

"Wealth in its public sense consists of all means of enjoyment, whether they have a commercial value or not. The use obtained for these things in a given period is the public income for that period. The amount in existence at any given moment is the public capital at that moment in the broadest sense of the word. But it is customary to confine the term capital to wealth which is actually used for producing more wealth" (8).

"Wealth, in its private sense better designated as property, consists in rights to parts of the public wealth."

"The high price of real estate in New York City, which forms an enormous item of private wealth, etc." (4).

"Public wealth is 'a flow and not a fund;' it is to be measured by income and not by capital" (5).

Land.—"In agriculture or mining, where the best lands can only meet a part of the demand, the community must habitually pay a price high enough to induce owners of other lands or mines to enter the market; a price which affords the owners of the better lands or mines a surplus profit known as *rent*" (88).

"Profits are neither more nor less than the excess of the

selling price of the products of industry above the amount advanced as wages" (124). This definition, differing from some others, makes "profits" include "rent." "If a concern with an *invested* capital of a hundred thousand dollars shows a gross profit of \$8000 in the course of (at the end of?) a year, we consider \$5000 as interest on the capital invested (5 per cent. being the current rate) and the other (the remaining?) \$3000 as surplus gain. If this surplus is due to excellence of location we call it economic rent; if it is due to superiority of management we call it net profit" (267).

"Wages under the modern competitive (monopolistic?) system are the discounted products of industry." "They are what capitalists are ready to advance in the expectation of a future return" (300).

Capital.—"The distinction between Capital and income as modes of measuring resources is almost as important as the distinction between public and private wealth, and is quite as much neglected in current economic discussion" (5). A foot-note reads, "For the development of this distinction, which involves a combination of the ideas of Knies and Newcomb, I am much indebted to my colleague, Dr. Irving Fisher."—"The distinction between capital and income is not due to difference in the things themselves, but to differences in methods of measurement" (5). "Capital is a static conception independent of time; income is a dynamic conception involving the time element" (5).

"Private capital is property used for acquiring more property. We can tell with substantial accuracy what property each individual is using as capital, and can estimate its money value very closely. Just as the *acquisition* of property is usually attended with the production of wealth, so the *investment* of property as private capital is usually attended with the production of public capital. But there are cases where one takes place without the other" (6).—No rude markings, conceivably expressive of ideas, found in a tumulus ever bothered archæologists as this will the man who treats it as "knowable."

"It is impossible to say just which objects are capital, and which are not" (6). "Capital is being constantly converted

into income, and income into capital " (5). "Accumulations of capital have their chief usefulness as a means of producing income" (6). "Public capital consists of useful things; Capital *goods*, as Clark calls them. Private capital consists of titles and rights to parts of these things. The increase or diminution of such titles is not synonymous with an increase or diminution of the things themselves" (7).

"In ancient times trade was regarded as a fight between buyer and seller; to-day it is looked upon as a means of mutual service" (10). (Protective tariffs?)

"In the majority of cases the economist is primarily occupied with . . . natural laws. . . . But the economist also includes in his scope . . . the positive laws relating to wealth . . . whether moral or jural" (13).

Here instead of *all* cases he writes "a majority of cases." Instead of laws of production and distribution of wealth he has "laws relating to wealth." Are not *moral* laws *natural* laws? Are not natural laws (laws established by God) more positive (inevitable, unchangeable) than laws established by human authority—*jural* laws?

"Shall we judge it (our standard of public wealth) by some preconceived ethical code? . . . Every race and every generation has a different ethical code of its own" (18). (Each race and generation has an ethics of its own?) He thus lightly throws aside the foundation of Ethics—the idea of justice, or natural rights.* But though denying the thing, he is compelled to use it in argument. I instance his objections to the Single Tax on page 472, which are because of its *injustice*, though the word don't appear, and this: "*Reasoning* about human conduct is full of chances of error, and if the outcome of such reasoning" is the necessary misery of some, "then it is *just* that the reasoning should in every way be tested" (17)—and tested by inherent notions of justice is on his mind, though he don't say it.

* "The feeling of right and wrong is the primitive law of the heart, as space and time are to the understanding."—KANT.

"There must be for human affairs an order which is the best. This order is not always the existing one, . . . but it is the order which ought to exist for the general happiness of the human race. . . . It is for man to discover and establish it."—Prof. EMILE DE LAVELEYE.

"The economist includes the moral law in his scope" (13).
 ——"No economist of reputation at the present day would attempt to ignore the ethical aspects of an institution" (23).
 (Walker, Nicholson?)

"Instead of asserting the complete independence of economics and ethics, the modern economist . . . would insist on the close connection between the two sciences" (23).—The "science" of ethics? He has before spoken of ethics with contempt—"every race, every generation has an ethics of its own." The word, as he uses it, then seems to be meaningless.

As an authority for a statement he refers to "every *good* economist" (23). But we remember Macleod.

On page 23 I find this idea—"Now that all recognize the importance of history, we should no longer divide economists into deductive and historical." 18 words. Which Hadley, using the Finanzo-economico-amplification of the schools, delivers thus—"Now that the world has come to recognize the true position and importance of economic history, it is useless to try and divide the economists of to-day into deductive and historical schools, according as they employ one method or the other." 42 words.

"The struggle for existence among men is probably quite as severe as that among the lower forms of organic life" (19). 20 words. This should be, "The struggle for existence is, perhaps, as severe among men as among animals." 13 words. Man, guided by reason and not by instinct, is to be considered as something more than "a higher form of organic life."

"Those conflicts between *Capital and Labor* which form such a source of weakness in the present economical system." 18 words. Should be, "The conflicts between Capital and Labor which endanger our economic system." 11 words.

Like Seligman, he don't at all understand the philosophy of Progress and Poverty. Thus, "We can make no sharp distinction between rent and profits; this is the first difficulty." "The Single Tax . . . would deprive the man who has made successful investments in real estate of any surplus above the current rate of interest. Would it guarantee him against loss?" (472.) "The principle that private *property*

must not be taken without compensation . . . is an axiom of *political science*." If the abolition of an institution becomes necessary, "compensation follows, as a matter of course"* (472).

"He (Mill) recognized that improvements in the arts *tended to lower rent*; but he assumed that increase of population would more than counteract any such tendency" (473). *The use of wealth-producing machines tends to raise rent*. Mill, I think, is clearly wrong. Increase of population increases rent, because the greater numbers (by subdivision of labor and by exchange) permit a greater, and eventually an immensely greater, production of wealth. Machines and increase of population operate in the same way—increasing the wealth-producing power of man—and both tend to increase rent.

However, he writes, these arguments do not oppose reforms "in the general direction of the Single Tax theory." Wagner, "whose thoroughness is worthy of the highest praise," is "inclined to look with favor" on the "appropriation of future increment in the value of city *real estate*" (473). "Without going so far as Wagner, most economists," etc. — Taxing unimproved land lightly, he says, "puts a premium on the worst sort of speculation."

"The modern observer sees in human history, no less than in natural history, a record of a process of elimination and survival. He sees that laws and institutions, no less than genera and species, are the result of natural selection (like honeycombs, or peacocks' plumage, or the habits of owls?), instead of being ordained by Providence for all time" (19). "We have a constant process of elimination of the weak and selection of the strong" (19). Is this last statement strengthened by the examination we have made of the economists of the schools?

"The modern observer . . . sees that . . . institutions

* "Nothing better calculated to corrupt government and to strengthen a most dangerous tendency of our time can well be imagined than the doctrine that State grants, which enable one man to take the labor and property of others, can never be abolished without compensation to those who hold them."—HENRY GEORGE.

... are the result of natural selection " (19). "Such was the origin of slavery " (war, captivity). "As compared with conditions that preceded it, it represented a positive gain for humanity " (28). "If people would not work except on compulsion, it was a good thing for society to have that compulsion exercised " (29). "The earliest property-rights were based on occupancy rather than on labor " (30). "In like manner labor originated in slavery " (30).

The famines of Russia, Ireland and India, he thinks, are *exceptional* in modern days. "In the most advanced communities extreme poverty is very apt to be associated with gambling, drinking, or general shiftlessness " (40). "While it is true that poverty persists amid advancing wealth, it is not true that it increases " (40).

In all this there are frequent misstatements, while no laws, moral or economic, are affirmed or recognized. One might assume from his book that he is as devoid of moral principles as he surely is of economic.

Chapter ii. "Economic Responsibility " is most hopeless. He examines therein, by the light of "Malthus," many of the proposed remedies or palliatives for poverty, and condemns them all—Indiscriminate Charity—Organized Charity—Public Works—Labor Colonies—State Credit—Bureaus of Information—Compulsory Insurance—Pensions. He seems to feel, without so stating it, that good results would follow from allowing the necessitous to die on the streets. The chapter ends thus: "We cannot afford to countenance a system of morals or law which justifies the individual in looking to the community rather than to himself for support in age or infirmity " (63). 30 words; but can be made into talkable English in 12, as—"Any system that tempts men to rely upon public help is bad."*

"Export dues are unpopular, because they put the home producer at a disadvantage in international trade; . . . for the converse reason taxes on imports are popular " (476). "The

* "The indifference to good and evil, which is the ordinary result of civilization, reaches a point of petrification, and this indifference is a much greater argument against an innate conscience than the gross errors of savages."—DE STAEL.

duty on copper has not increased wages, but only the quotation of copper stock" (436). "Protection to infant industries has unquestionably proved successful *in certain cases*" (437). "It is undoubtedly true that a nation can hurt foreigners by its tariff" (445). "Colonies are now valued by statesmen as a means of relieving a country of its surplus population" (445). He trusts "that every one will recognize my intent to state both sides of disputed questions as fairly as possible." His work is so "balanced" that one can come to no conclusions, and he admits its worthlessness by such remarks as—every proposition must be examined in the light of its place and time. "Whether the public wealth is likely to be increased in any particular case as an indirect result of making more of it public property, can only be decided by examining the circumstances of that case" (2).

The following gem is worthy of Seligman or Walker (speaking of the losses sometimes incurred by *capitalists*): "Nor are *land-owners* exempt from these dangers. Much of Henry George's reasoning is based upon the assumption that *land-speculators* make many profits and few losses. He has probably overestimated the former, and has certainly underestimated the latter. The amount of *capital* which has been sunk in developing *real estate* that proves unprofitable is something for which it is impossible to obtain accurate statistics; but a close observation of *real estate values* will indicate that it is very great. The New England *farm* represents a large amount of *capital* which was rendered unremunerative by the competition of *farms* elsewhere. A change in the current of population has often destroyed all *profits* from *real estate* in which much *capital* has been irrevocably fixed" (293).

Land has originally no "exchange value." Thus, whatever exchange value it may at any time have must be an accretion. In the foregoing extract (only one example of his constant habit of using terms ambiguously), five terms of quite different meanings are used interchangeably, to wit: Land-owning, Land speculating, Capital, Real estate, and Farms.

The *Land-owner* is not necessarily a speculator.

The *Land-speculator* holds *only* for an expected rise in value.

Capital don't include land at all. It is "wealth" (things produced by human exertion on land and having exchange value), used to produce more wealth.

Real estate may be land alone, or the land and fixed improvements, such as orchards, dwellings, warehouses.

Farm is a special kind of real estate used for agriculture only.

For the calming of students made to distrust their own sanity by this bedevilment of terms let me quote :

"Comparatively few terms have one single clear meaning and one meaning only, and whenever two or more meanings are unconsciously confused together, we inevitably commit a logical fallacy."

—JEVONS, "Lessons in Logic."

"Bacon, Hobbes, Locke, Hume and nearly all the older philosophical writers have warned us against the abuse of words." "The remedy for the obscurities and confusions of words is to be found in clear and distinct ideas. We must endeavor to go behind words and realize clearly and distinctly in consciousness the ideas for which they stand. Now, the means which logic recommends for the attainment of this end is *definition*."

—CREIGHTON, "Introductory Logic."

"We cannot *think* with precision unless in our own minds we use words with precision. Failure to do this is a great cause of the generation and persistence of economic fallacies." "Nothing so shows the importance of language in thought as the spectacle of even acute thinkers basing important conclusions upon the use of the same word in varying senses."

—HENRY GEORGE.

"This art that I call the art of convincing, and which is nothing more than a methodic and perfect presentation of the proof, consists of three essentials: to explain the terms that are used by clear definitions; to propound evident principles or axioms in order to prove the points in question; and always to substitute mentally in the demonstration the definitions of the terms in place of the terms themselves."

—BLAISE PASCAL.

In his preface, page iv., Hadley might have said, "I have tried to write plainly and to encourage the reader to think for himself," 15 words—only that his ideas would have been bare, indeed almost indecently exposed, and needing the linguistic garb in which he puts them, thus: "I have put things as plainly as I could; but there are some parts of economics where no amount of effort by an author will

relieve the reader of doing independent thinking on his own account." 36 words.

It is to be hoped that the logical methods of the schools here brought to light may not so relieve the readers. But, in my own experience, I know that it is not easy to think.*

Simon Newcomb, Ph.D., LL.D., Professor of Mathematics in United States Navy; Professor in Johns Hopkins University. "Principles of Political Economy." New York, 1885.

In this book the author tells us that—"the main improvement attempted is in presenting the subject in *scientific* form" (12 words). Thus calmly throwing aside the entire literature of political economy, up to his day, as non-scientific. Using the prolix style of the economists, however, he puts it thus (page iii., Preface): "The main improvement which the author has attempted is the presentation of the subject in a scientific form as an established body of principles." 24 words.

On page 539 he closes with "A summary of the leading

* Prof. Hadley was (with much ceremony, some sixty college presidents being present), on October 18, 1899, inaugurated as President of Yale. In his address he said, "The increase of wealth in the outside world is a perpetual menace to old-fashioned democratic equality." Meaning, of course, not the *increase* but the *unequal distribution* of wealth.

But in the New York *Journal* of September 24th, President Hadley with wonted consistency impugns "old-fashioned democracy" in favoring an autocracy counseled by "economists." Under the head of "New Political Questions" he writes: "The days of legislative debate are numbered, if, indeed, they are not already ended." He says—the system of representative government has not proved successful. "For the actual conduct of public business the legislature is at once an unwieldy and irresponsible body." He speaks of a colonial government by force and of a great standing army as foregone conclusions. He thinks that the "economist," who is at a disadvantage in advising a legislature, would be invaluable in advising an executive *on whom the nation relies for progress*. Now—"However much he may desire the advice of economists, and even avail himself of their services, he is frequently bereft," because of legislatures, "of the power to utilize them."

"But just how this change in governmental methods will come about none can venture to predict," etc.

principles of economics as set forth in the present work." Among these leading principles appears this principle: "There are no *universal theories* in economics to be applied without regard to time and circumstance, and no *formula* can be given which will save the statesman the labor of working out each case on its own merits." (Italics mine.)

In the above statement he has substituted for the term principles other terms to which he gives the same meaning, to wit:—the term "universal theories," and the term "formula." Thus at the beginning of the book we read that his main improvement is in presenting the subject as "An established body of principles," and at its end, that a leading principle of this established body of principles is that it recognizes no principles at all!

Absurdity can go no further, and lay readers should now, I think, be able to properly estimate the value of the economics of the schools.

"And while professors disagree, the ideas that there is a necessary conflict between capital and labor, that machinery is an evil, that competition must be restrained and interest abolished, that wealth may be created by the issue of money, that it is the duty of government to furnish capital or to furnish work, are rapidly making way among the great body of the people, who keenly feel a hurt and are sharply conscious of a wrong. Such ideas, which bring the great masses of men, the repositories of ultimate political power, under the leadership of charlatans and demagogues, are fraught with dangers; but they cannot be successfully combated until political economy shall give some answer to the great question which shall be consistent with all her teachings, and which shall commend itself to the perceptions of the great masses of men."

—HENRY GEORGE, in "Progress and Poverty."

"Wealth is the blood of nations. Congestion results when too much is forced into one part of the social body, and atrophy or paralysis results to the parts deprived of it. But above all, individual rights are universally sacrificed when riches are unjustly distributed. It was these rights that

the French Revolution sought to reconquer. If we do not wish to renew catastrophes, we must not renew the conditions that produce them."

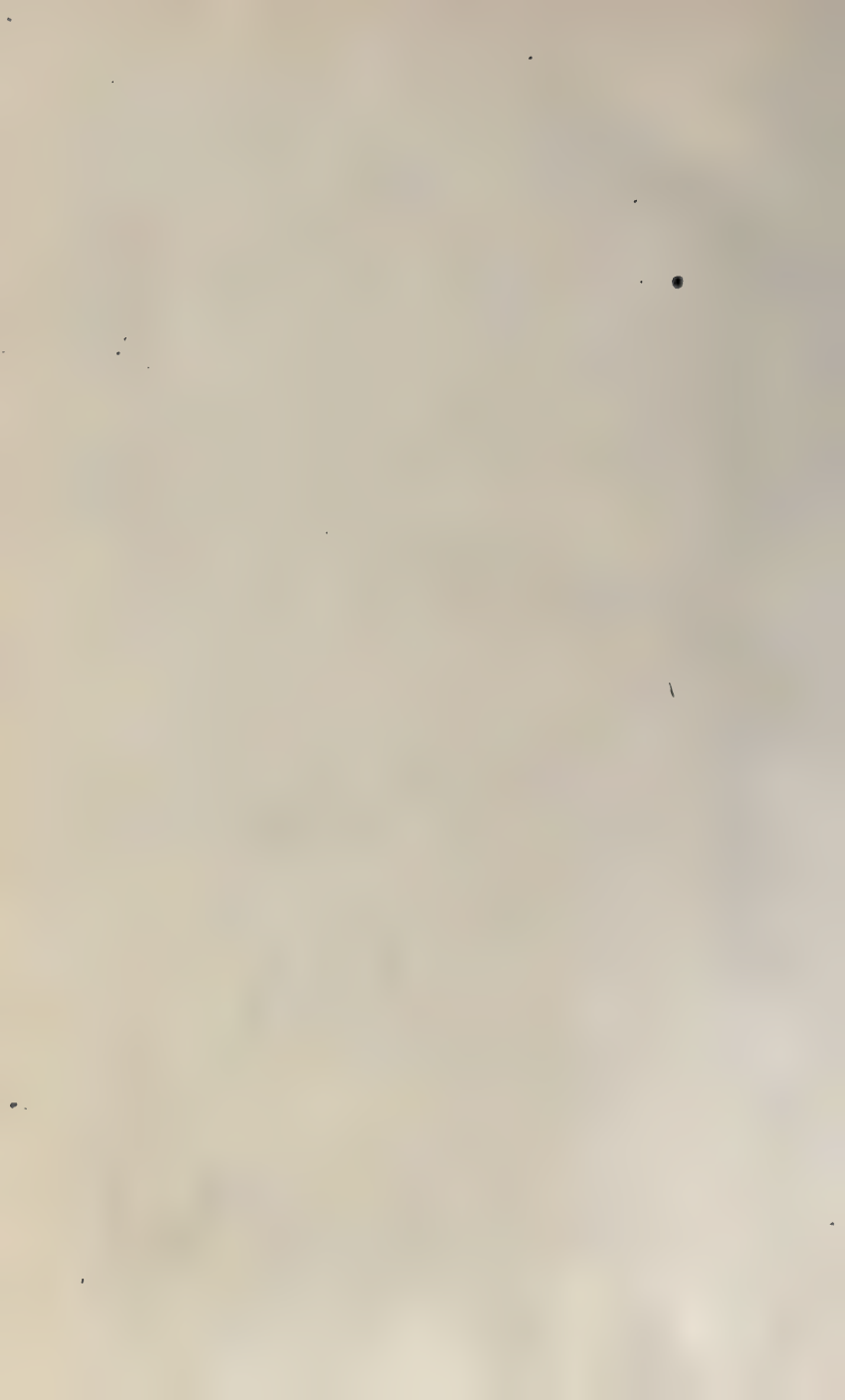
—M. GODIN, founder of the Familistère, at Guise.

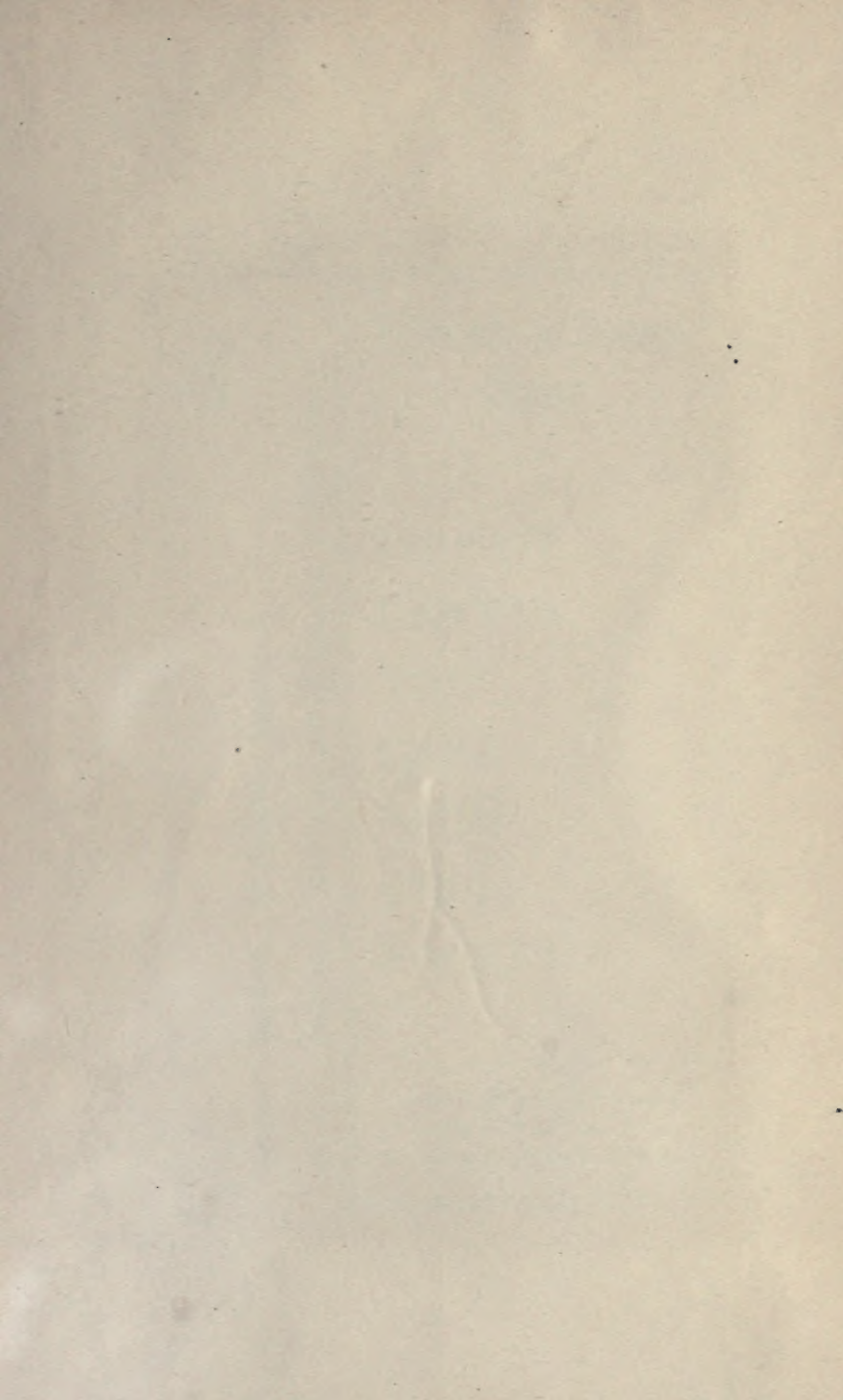
"As to what is a just distribution of wealth there can be no dispute. It is that which gives wealth to him who makes it, and secures wealth to him who saves it. So clearly is this the only just distribution of wealth that even those shallow writers who attempt to defend the existing order of things are driven, by a logical necessity, to falsely assume that those who now possess the larger share of wealth made it and saved it, or got it by gift or inheritance from those who did make it and save it ; whereas, the fact is, . . . that all these great fortunes, whose corollaries are paupers and tramps, really come from the sheer appropriation of the makings and savings of other people."

—HENRY GEORGE, in "Social Problems."

THE END.







147280

Ec

M235j

Author Makato, Tentearo (pseud.)

Title Japanese notions of European political

University of Toronto
Library

DO NOT
REMOVE
THE
CARD
FROM
THIS
POCKET

Acme Library Card Pocket
Under Pat. "Ref. Index File"
Made by LIBRARY BUREAU

